



ROYAL INSTITUTE
OF TECHNOLOGY

HOUSING THE URBAN POOR: AN INTEGRATED GOVERNANCE PERSPECTIVE

The Case of Dhaka, Bangladesh

Doctoral Thesis

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ABSTRACT

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It is claimed that low-income people in Dhaka city do not have the financial ability to enjoy a decent housing environment. There is a clear lack of knowledge on how low-income people, drawing upon both their available income together and support from formal financial institutions, would be able to afford housing. It is commonly considered a fact that their access to formal financial means is largely hindered by their poor financial status, along with the absence of any form of land tenure security. The case of this study demonstrates, on the contrary, the adequate financial ability of the urban poor when it comes to meeting rent and payments for other necessary services. This study therefore primarily responds to the critical issue of whether the government is unaware of informal housing practices, or is simply ignorant of low-income housing provision.

In this study, perspectives on change are analyzed in order to comprehend the obstacles and challenges embedded within the housing organizations of Dhaka city. Within the local governance paradigm, the concepts of deliberative dialogue and partnership are explored with the aim to reveal both the resources rooted in ‘informal’ low-income housing practices, and the resources at stake for the ‘formal’ housing gatekeepers. Different land tenure security options are explored in order to understand their compatibility with the informal nature of low-income housing. The theory of social business is critically reviewed, and used to examine whether low-income affordable housing could be seen as a product resulting from partnerships between vested actors, for whom the low-income community could be considered to be both a beneficiary and a partner. This study suggests that outside the boundary of ‘formal’ housing, there is an unexplored and functional ‘informal’ housing market where de facto owners purchase ‘business tenure security’ from the slum lords, while de facto tenants buy ‘house rental tenure security’ in exchange for regular rental payments. Within this informality, an innovative financial organization (the Jhilpar Cooperative) has emerged as a creative platform for business investment. This study reveals that Jhilpar’s inhabitants pay more than 30 percent of their monthly income for housing. As an absolute value, this is more than what is being paid by middle-class – and even many high-income – people. The slum inhabitants also pay more for a limited supply of basic services, such as electricity.

This study concludes that the formal housing gatekeepers lack a complete knowledge of ‘informality’ – a notion reflected in, for example, the actual financial ability of the urban poor; the strength and potentials of systematic community-based cooperative business; and housing relocation decisions (employment-housing nexus). This fundamental lack of knowledge precludes the housing gatekeepers from taking the right decisions to achieve affordable low-income housing. These deficiencies have led to low-income housing projects that have barely benefited the urban poor, benefiting other income groups instead. Low-income housing projects utilizing land title provision, sites and services schemes, and relocation to other places (amongst other strategies) disregard the nature, strength, and potentials of housing ‘informality’ in the slums in the most pronounced manner. This identified knowledge gap also rules out private and public housing gatekeepers employing their resources as enablers or providers. To improve this impasse with regard to affordable low-income housing, this study advocates a ‘social business model for low-income housing’ as the most effective option for the Jhilpar community, whereby partnerships would be built on an ‘investment’ mindset, through a shift away from conventional ‘give away’ practices.

Keywords: Housing affordability, tenure security, social business, partnership, deliberative dialogue, cooperative business, informality.

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CHAPTER ONE: INTRODUCTION

“...Slum and urban poverty are not just a manifestation of a population explosion and demographic change... slums must be seen as the result of failure of housing policies, laws and delivery systems, as well as of national and urban policies” (UN-HABITAT, 2003b, p. 5).

1.1 General Problem Formulations

Despite the low level of urbanization in Bangladesh (27 percent), the total urban population of the country is very large - nearly 40 million in 2010 (Planning Commission, 2010). Population growth has been very rapid (approximately 7 percent annually) and Bangladesh continues to maintain a high growth rate despite present trends towards a diminishing rate. Urban population growth in the capital city, Dhaka, is predominantly driven by migration from other cities and rural areas (Planning Commission, 2010; National Policy Forum, 2001). The increasing rate of migration, in conjunction with natural population growth, has added a new and challenging dimension to the existing governance of Dhaka city. In order to accommodate and manage the mounting pressure posed by the increasing population, it is imperative and unavoidable that the capacity of basic urban services and facilities such as shelter, integrated public transport, water supply, drainage and sewerage facilities, electricity, etc. be expanded (Islam et al., 2006). Generally, the urban system is complex in nature (Khan, 2003; Siddiqui, 2000) and in the case of Dhaka, the dimensions of those complexities have been amplified by the extreme pressure resulting from a scarce supply of land and skewed distribution (Islam et al., 2006; LGED, 2002). As a result, compared to the total increased demand, the supply of basic services and facilities is far from being adequate in both quantity and quality (Bari & Efroymsen, 2009; DAP, 2008). With a heightened urbanization rate, both the management of urban growth and meeting required expenditure on urban basic services has been a challenging task for the capital (Dhaka) development authority, officially known as RAJUK (*Rajdhani Unnayan Kartripakkha* in Bengali).

The prevalence and dimension of urban poverty poses a major challenge to the public service-provision agencies (Khan, 2003). The urban population growth rate, well above the national population growth rate of 2.6 percent per annum, places severe pressure on urban land, utility facilities, and services (DAP, 2008). Most of the urban population growth is taking place in Dhaka city, which has become the main location of extensive poverty. The majority of in-migrants in Dhaka are poor, and the city areas are so dominated by the poor that the migration process can be understood as the ‘urbanization of poverty’ (Bari & Efroymsen, 2009; National Policy Forum, 2001). The in-migrants originate largely from other economically depressed areas of the country (ibid.). Rural ‘push’ factors including landlessness, unemployment, and vulnerability to natural hazards, and urban ‘pull’ factors such as better employment opportunities, continue to encourage the migration of the rural poor to the prime city Dhaka, despite declining standards of living quality. The problem is acute, and it is estimated that around 48 percent of the total population lives below the poverty line, with 32 percent below the hardcore poverty line in the mega city Dhaka. About 6 million people therefore live below the poverty line (DAP, 2008).

Both the implementation and the follow-up of government-approved policies and plans look bleak and these documents are poorly presented (Khan, 2003; Siddiqui, 2000). Major cities in Bangladesh have physical plans with approved policy directives and expressed visions for their economic and population growth, housing, transportation, etc., but the extent of

implementation and control over actual development varies considerably (Bari & Efrogmson, 2009). In Dhaka, the amount of informal development exceeds that of regulated development, despite government-approved regulations, policies, and strategies in the city plan and other regulatory legislation (Williams, 2004). No master plan for the greater Dhaka region has produced any distinctive change in urban livelihoods, and it is doubtful that such plans alone could provide a comprehensive solution to age-old urban problems such as housing for the urban poor (Bari & Efrogmson, 2009). The factors behind this inability to provide sustainable solutions for low-income housing are of prime concern and need to be explored.

About 30 percent of the people in Dhaka city own 80 percent of the total land area, demonstrating a skewed land ownership pattern (Islam, 2000b). There is a reasonably large amount of vacant and unused state-owned land in many parts of the city, but there is no real movement from the government to resuscitate this land area for effective urban usages. Bangladesh Railway, for instance, owns two-thirds of the vacant land. They have been accused of not releasing it for clearly needed urban uses such as housing for mixed-income families (Rahman, 2008). This under-utilization of land does not contribute to the total supply of land in the city (Hasan & Kabir, 2002), when considered with regard to yearly demand. It is estimated that about 146,000 new housing units are needed to address the challenge posed by the estimated increased urbanization (Islam et al., 2006).

Low-income people in Dhaka live in more than 3,000 densely populated slum settlements in substandard physical and social conditions and without any land tenure security or rights (DAP, 2008). Only 3 percent of low-income families own land plots and nearly 90 percent live in small single-room accommodation, in deplorable living conditions, for which many pay high rents (Rahman, 2009). In such slums, tenure security is precarious and tenants live with the constant threat of evictions from the government, landowners, or from the slum lords who control those slums (Islam, 2006). Despite such threats, the urban poor continue to live in such areas, which in turn implies informal management practices and negotiations with the legal and de facto authorities.

There have been a number of slum eviction cases in Dhaka during the last three decades, although the number of recent incidents has been substantially reduced (Islam, 2006). Government actions surrounding evictions or proposals for relocating the slums do not take into account the associations between the proposed locations for re-housing and the current employment locations of the slum inhabitants. This has been clearly demonstrated in the detailed area plan (DAP) for Dhaka city. Such relocation proposals have never been effective, as either the urban poor did not move to the proposed locations or they moved out but eventually returned to their previous locations (Bari & Efrogmson, 2009). It is essential, therefore, that the government and others understand the nature of the relationship between the location of employment and housing.

1.2 Specific Problem Area of the Study

An important trend during the last decade has been the increasing interest in housing cooperatives as well as rotating savings and credit societies (Rahman, 2008). Community-based financing of housing and services has been used for both settlement upgrading and for building new housing on serviced sites for upper-middle class rich people who can afford to own their plots. Some attempts were made to provide access to housing subsidies by providing some bridge financing for poor people (UN-HABITAT, 2005). However, these

efforts were unsuccessful because the urban poor had income levels too low to be able to take advantage of any of these subsidies.

There are a number of researchers (e.g., Rahman, 2009, 2001; Rahman, 2008; Islam et al., 2009; Islam, 2006; Islam, 2000b; Ghafur, 1999; Rashid, 1994; Huque, 1982; etc.) who have been engaged in research on the issues surrounding low-income housing design, utilization of space in the slums, land tenure security, slum eviction, urban basic services and facilities in the slums, slum-based cooperative societies, etc. None have conducted research on low-income housing provision in compliance with the actual financial affordability of the urban poor, nor on the type of land tenure security (e.g., land ownership, rights based approach, rental housing, etc.) that accompanies their financial affordability. Apparently there is no fair understanding of the relationship between the actual housing affordability of the urban poor and how this could be capitalized on in housing provision. Moreover, there is no dialogue on how conventional regulations (e.g., eligibility criteria for house loan, etc.) in the housing market can be made use of or adjusted to the available financial strengths of the urban poor for housing supply. Existing housing policies and programs have not yet been able to provide much benefit to low-income populations (Rahman, 2008). Government's role with respect to housing policies and programs has been ineffective, lacking a coherent rationale and offering little insight into the long-term consequences of its actions.

“...An increasing proportion of the public expenditure program for housing is allocated to ‘quick fix’ supply-side programs that do not improve the long-term functioning of housing delivery to moderate and low-income households and lack an institutional ‘home’ in which housing policies can be assessed” (Hoek-Smit, 2000, p.5).

About 28 percent of the urban poor are members of different community-based political groups, cooperatives, and voluntary organizations (Hossain, 2004). Cases of community-based cooperatives demonstrate that many poor in the urban areas speculate upon their skills and creative ideas for income, adding to what they earn from their regular employment. This can be seen as a clear display of them utilizing their in-built capacities in order to meet their basic needs within the reality of their struggling livelihoods. This also exemplifies their sense of organization and micro-governance in forming community-based cooperatives, where individual's savings are collected in an effort to generate short or long-term profit to be shared by all stakeholders (Rahman, 2008; Islam et al, 2006). However, a deep and detailed knowledge is required in order to understand how the micro governance and sense of organization in the community-based cooperative could be capitalized upon in order to bridge the functional gap between low-income communities, the formal housing market, and public and private housing agencies.

Lower-middle and low-income people dominate the socio-economic structure of Dhaka's urban life and the majority of these people are employed in the informal sector (Islam et al., 2009). In the current housing market, it is considered impossible for low-income people to own affordable houses. Hence, the only accommodation choice left to them is to rent houses that are supplied by individual landowners in different low-income areas. The fact is that 65 percent of the total housing stock of Dhaka constitutes rental units (Hoek-Smit, 1998). This statistic also complements the urban planners' view that the major housing option for low-income people in Dhaka is rental housing, which predominantly takes place outside the boundaries of the formal housing market. In the formal housing market, only upper-middle and high-income classes have affordable access to mortgage finance (Islam, 2000). Due to acute and unequal economic competition, lower-middle classes have been disappearing as an

income class and are joining the urban poor (Khan, 2003). Against this backdrop, demand for houses has increased even further, placing additional pressure on the existing unmet demand posed by the urban poor. Evidently, there is a clear social and physical segregation between the poor and high-income class. The following question can therefore be posed: does the increased rate of urbanization of poverty lead to a higher degree of physical and social segregation? The continued practice of proposing low-income housing locations on the fringe of Dhaka supports this concern (Bari & Efrogmson, 2009).

1.3 Research Problem

There is an abundance of discussion surrounding housing affordability, but a precise definition of the term is at best ambiguous (Linneman & Megbolugbe, 1992). It varies among different groups of people, dependent on their different financial status (Quigley & Raphael, 2004). On the housing affordability scale, there is a widened gap in developing countries between the prevailing housing market and housing that low-income people can afford. Generally, mortgage financial markets are not supportive of the urban poor. Conventional thinking linking affordable housing with tenure security is overly ambitious with respect to housing low-income people – they simply cannot afford it. In measuring affordability, low-income people are not regarded as clients in the conventional housing market. On the contrary, this research is based on the assumption that the poor have a considerable amount of financial capability with respect to housing, which has remained unexplored and untapped. Determining a place in the tenure-security scale, from rental tenure security (for different time spans) to property rights and ownership, encompasses an enormous challenge, especially in the areas of housing policy and development plans. This challenge emphasizes the need for strategic processes for deliberative dialogue in order to properly understand the resources at stake for low-income people that could be utilized in partnerships with private and public housing agencies and financiers.

So far, government efforts have resulted in master plans, national housing policies, and programs for all income populations in Dhaka city (Islam et al., 2009; Bari & Efrogmson, 2009). The principal local and national actors (i.e., RAJUK, real estate companies, and public and private financial agencies) play their respective roles in supplying houses to the housing market. However, though many of those housing projects were specifically designed for low-income communities, only high and upper-middle income class people are benefiting from such action (Islam et al., 2009). This has become an increasingly common trend. Real housing provision for low-income populations has hardly ever been successful and there is no evidence of affordable housing production for this income segment based on their actual financial affordability. While designing low-income housing projects, the government does account for a number of required financial parameters, such as: income sources, average monthly income, average house rent, average expenditure on house maintenance/repair, and the potential for community-based cooperatives as micro financiers of informal housing practice. This phenomenon could be explained in two ways: 1) the government is ignorant of real housing provision for the urban poor populations; or 2) the government lacks knowledge and understanding of the actual financial affordability and other associated parameters that exist in informal housing practice that otherwise could be applied in order to achieve affordable housing provision. At the same time, government ignorance could also result from a lack of knowledge. This research, therefore, primarily endeavours to analyze and discuss innovative mechanisms and processes for affordable houses that complement the actual financial strength of low-income people in Dhaka city.

Social business – emerging as a realistic concept for solving societal problems – is based on the principle of a ‘no loss, no profit’ orientation, whereby investors aim to maximize social welfare rather than monetary profit (the conventional and popular practice in business dogma) (Yunus, 2008). Social business, as developed and practiced by the Nobel laureate Professor Muhammad Yunus, constitutes a problem-solving business where the aim is embedded in solving contemporary and emerging societal problems (Black, 2009). There are a few exemplary cases of social business in Bangladesh, where such businesses are dedicated to addressing and solving a variety of societal problems faced by low-income people, such as malnutrition, diseases, and arsenic-contaminated water, amongst other issues. The principles and lessons from the experiences of social business therefore strengthen the assumption of this study that the urban poor will be able to enjoy better housing if the provision of that housing is based on their actual affordability and their ability to play a cliental role in the housing market of Dhaka city.

1.4 Research Questions

The specific research questions that form the central focuses of this study are as follows:

1. What are the drawbacks of national plans and policies, and why are they incapable of supplying affordable houses to the urban poor in Dhaka city?
2. Why have urban poor people been deprived of any form of land tenure security?
3. What are the organizational barriers to the urban poor getting access to formal housing finance for affordable housing?
4. In the housing market, what has been the role of key housing actors in bridging the gap between the demand for low-income affordable housing and its supply?
5. Is there an employment-slum nexus? If so, has that been accounted for in housing policy design and its implementation?

1.5 Study Objectives

From multiple perspectives addressing affordable housing needs, the increasing urbanization of poverty, social business practices, and the general performance of community-based cooperatives, this study is based on the implicit assumption that a community-based cooperative will provide the financial and organizational platform for affordable low-income housing in Dhaka city. In line with this assumption, this study seeks to examine if low-income housing could be seen as the ultimate outcome of a social business that is based on the actual financial affordability of the urban poor.

In seeking answers to the research questions, the study includes the objectives of:

1. Assessing government policies, plans, and programs for low-income housing provision;
2. Appraising the role of housing agencies in providing low-income housing options, with additional focus on the accessibility of the formal financial system based on the (commonly known) financial affordability of the urban poor; and

3. Prescribing action-oriented directives for low-income affordable housing through a social business perspective.

1.6 Delimitations of the Study

The action-oriented directives prescribed in this study are not based on absolute figures generated by a demand-supply matrix, but on the need for housing that the urban poor can actually afford. Therefore, the current measure – the net demand for houses against what is being supplied to the urban poor – is not considered an appropriate parameter for affordable housing policy directives.

This research focuses neither on demand, nor on the issue on the housing affordability of middle-income people, but only low-income people living in the slums of Dhaka city. There is no straightforward and uniquely defined rule to categorize middle-income populations. Further, due to the fact that income registration system in Dhaka city and other parts of the country is outdated, incorrect, and in many occasions absent (Khan, 2003), the common practice of categorizing populations according to their registered monthly income is conceptually inappropriate. Income-class cohorts based on such a faulty registration system will, as such, most likely be fallacious. This issue may form another dimension of research, however it is one that does not fall within the scope of this study.

1.7 Structure of the Thesis

Chapter one briefly outlines what the whole thesis is all about. It talks about the formulation of the problem, the specific problem area, and the research problem, followed by a discussion of the research questions and objectives of the study.

Chapter two discusses how governance – along with understanding the partnership resources of the actors at the local, national, and multi-national level – plays a crucial role in the organizational change process. Furthermore, it explores and reflects upon the literature on urban land tenure security, housing affordability, and the theory of social business in order to understand the prospects and challenges for affordable low-income housing provision.

Chapter three outlines a detailed research method for this study by justifying the arguments for qualitative and quantitative methods, case study research, data collection method and analysis, and the validity and reliability of this study along with its limitations.

Chapter four gives a broader perspective on the administrative divisions of the different geographical entities of Dhaka along with the general features of slums (e.g., micro social entrepreneurship, location analysis, population distribution, slum ownership, etc.). This is followed by an introduction of the case study area i.e., Jhilpar slum.

Chapter five discusses the governance available in land administration and management, which is required for improved access to land. Among others, urban khas and public land are discussed in this chapter with the aim of comprehending their nature and usages.

Chapter six provides a brief outline and analysis of housing rights, and national policies and development plans focusing on housing provision for low-income people over a considerably long period of time (from 1986-2015).

Chapter seven consists of three discrete sections. The first section talks about the role of private and public housing gatekeepers for low-income housing provision in Dhaka city. The second section of this chapter discusses the financial market for low-income housing, focusing on the impediments to and role of private and public financial organizations in that market. The third section chalks out the housing rental situation in Dhaka city, and describes the current rental payment picture of people of different incomes living under different housing conditions.

Chapter eight starts with a discussion of corporate social responsibility (CSR), aiming to present its comparative view with social business. A few exemplary cases of social business in Bangladesh are then presented, in order to explore the nobility involved in addressing and solving societal problems.

Chapter nine discusses the findings of the study, whereby a detailed description of housing conditions and practices in the Jhilpar community are presented along with the discerning views and opinions of different personnel from the following housing gatekeepers: commercial banks, real estate companies, the National Housing Authority (NHA), the Dhaka City Corporation (DCC), and RAJUK.

Chapter ten discusses the prescriptive instruments and directives for proposed social business-based Jhilpar multi-storey apartment housing, by analyzing the following key features: the employment-housing nexus, land tenure security, conventional banking operations, and the challenges posed by land ownership. It also depicts conventional wisdom on low-income housing options and shifts in operational principles.

Chapter eleven reflects and analyzes the theories and concepts previously discussed in the empirical findings of this study. In this chapter, a discussion of organizational change processes, local governance, deliberative dialogue and partnerships, the type of urban land tenure security, and the provision of low-income housing through the application of social business principles is presented. In the end, this chapter points to future research areas.

1.8 Operational Definition: Urban Poor and Housing

1.8.1 Urban Poor

There are a number of definitions of poverty and poor populations. The United Nations (UN) defines poverty as a denial of choices and opportunities and as a violation of human dignity. This implies a lack of the basic capacity to participate effectively in society, and living in marginal or fragile environments without access to basic services such as clean water or sanitation (UN, 2009; UNDP, 2006).

The World Bank (2003) also defines poverty based on income. A person is considered poor if his or her income level falls below the minimum level necessary to meet basic needs. This minimum level is usually called the 'poverty line'. What is necessary to satisfy basic needs varies across time and societies. Therefore, poverty lines vary in time and place, and each country uses lines that are appropriate to their level of development, societal norms, and values (World Bank, 2005).

Besides the above, there are three commonly used delineations of poverty: absolute poverty, relative poverty, and social exclusion (UN, 2009; UNDP, 2003). Absolute poverty is defined as the lack of sufficient resources with which to keep body and soul together. Relative poverty defines income or resources in relation to an average. It is concerned with the absence of the material needs to participate fully in accepted daily life. Social exclusion is a new term, referring to a shorthand label for what can happen when individuals or areas suffer from a combination of linked problems, such as unemployment, poor skills, low incomes, poor housing, high crime environments, bad health, and family breakdown (UNDP, 2006; UNDP, 2003).

Based on the above definitions, the classification of urban populations as poor is not difficult on paper. It is, however, cumbersome to geographically locate and identify such populations based on the aforementioned categories. Therefore, to avoid the definitional, categorical, and implementation complexities of poverty, this study comprehensively considers that people living in the slums of Dhaka city are lacking necessary nutrition and other supporting infrastructure services and facilities and hence they are poor. In this study, therefore, the spatial concentration of poverty is defined based on the living place of a low-income community: the slum.

1.8.2 Housing as a Concept

A housing unit is considered to provide a sufficient living area for household members if there are fewer than three people per habitable room (UN-HABITAT, 2003a). Operationally, house and shelter are different in that the latter refers to a structure with four corners and a roof intended for human protection against harsh weather and predators; whereas the former is considered in the field of human settlements to mean more than a mere structure with four corners and a roof (ibid.). Housing is a universally accepted concept, although both houses and the construction technologies behind them differ markedly across time and space (Turner, 1972). Turner adds the ‘tenure’ dimension¹ as a critical element for housing, stating that “...a house can only be a home if it is minimally accessible, provides minimum shelter and a minimum security of tenure” (Turner, 1976, p. 97). This study takes into consideration the Turner’s (1976) definition of housing, combining shelter and minimum tenure security.

Housing is more than a technical solution and its definition cannot be limited to a house as a mere building (shelter). Instead, housing is extended to cover macro-economic conditions, linking housing to a wider urban economy (e.g., city) (UN-HABITAT, 2003a). Housing literature recognizes the criticality of shelter as being associated with supporting services in the immediate environment (Kanyama, 1995; Marcussen, 1990; Linn, 1983). That is, housing is a process for affordability, security, economic opportunity, and social harmony (UN-HABITAT, 2003a). In this study, housing is recognized as a process where the financial affordability of the beneficiaries (e.g., tenants or owners of houses) is set forth as a prime determinant in providing access to formal financial services along with other ancillary facilities of concerned public or private housing agencies. Access to financial services refers to loan benefits from commercial banks or other government financiers. Supporting services include needed utilities and services of which drinking water supply, drainage, sewerage, and electricity are prioritized.

¹ In simple words, housing tenure refers to owning or renting one’s own house. Often tenure is associated with security, reflecting a secured time period for renting a house.

CHAPTER TWO: THEORIES AND CONCEPTS

In this chapter, I endeavour to uncover the potentials and obstacles involved in the change process. I also provide a closer look at perspectives on organizational change processes through the lens of governance. The concept of governance is introduced as a broad construct, and is followed by a detailed reflection on local governance. Local governance is introduced in an attempt to understand the kind of coordination reflected in the types and nature of partnerships among different actors at the local level. Hence, a partial focus of the discussion is on understanding the capacity and available resources of the actors at local, national, and multi-national level. A discussion of deliberative dialogue is elaborated upon in order to understand the individual as well as mutual strengths of local actors in reaching the consensual actions required for partnerships. Moreover, this chapter explores the literature on the types of land tenure security being practiced in developing countries and on associated challenges intertwined in institutional structures. Housing affordability is explored as a concept in the context of developed and developing countries, along with methods for its measurement. Finally, the theory of social business is introduced and discussed in order to explore possible impediments to and potentials for solving societal problems (or meeting basic needs) - such as housing the urban poor in an affordable manner.

2.1 Perspectives on the Change Process – Prospects and Obstacles

This section primarily explores the challenges embedded in the organizational change process. It specifically addresses the prospects and endogenous obstacles in the organizational change process by deploying a governance perspective. The general lesson learned is that change may not occur or, if it does, only at minimal levels. Even still, change stagnates in the change process (Pullicino, 2003; Poole et al., 2000). Moreover, necessary steps in the change process are often skipped and hence this change creates only the illusion of speed, merely producing what appear to be positive changes.

The aim of introducing a ‘perspective on the change process’ is to understand the prospects and obstacles in organizations as they are evinced by the need for organizational change. Here change is used to address stagnation or to better understand the nature of dynamism in organizations, public or private. It is observed that public organizations/agencies in Dhaka do not perform at par to their prescribed responsibilities; hence, they fail to properly address many long-lasting major problems, such as housing (Islam, 2000a). Though financial resource limitations are assumed to be one of the major constraints to being able to address and solve many of these problems, they are not the *only* constraints. Despite this, this study focuses on a few ‘issues’ within the public organizations that are formally responsible for dealing with housing in Dhaka city.

Some of these issues could be identified as follows: which are the barriers for public organizations in coordinating or building partnerships with other public or private organizations? Aren’t the employees of an organization accountable and their efforts transparent to higher officials in the hierarchy with regard what they are committed to do as opposed to what they are normally involved in? In terms of meeting organizational goals: what makes those organizations sluggish (or stagnant) instead of dynamic? Is stagnation in an organization caused by a lack of leadership or bureaucracy? Assuming constraints on financial resources, how can an organization perform better and meet organizational goals?

By posing a ‘change perspective’, I aim to see how the aforementioned issues in public organizations (i.e., RAJUK) could be addressed by those responsible for housing in Dhaka city. Notably, private organizations are not analyzed through a change perspective as arguably they are dynamic and well-organized in achieving targets and meeting organization goals within the given resources (Khan, 2003; Siddiqui, 2000).

2.1.1 The Change Process

A challenging and systematic process requires change to be underway, and needs to offer that change the dynamic momentum to continue. As with the previous discussion of a ‘perspective on the change process’, here I have brought John Kotter’s (1996) perspective on organizational change with me. This section reviews his perspective along with others’ critical remarks on the change process.

Kotter’s advocated ‘stages in the change process’ constitute a set of comprehensive scenarios for different states (Tomlinson, 2006). These stages have not always been followed the same order, nor have all the stages required to strike organizational stagnancy been undertaken (Mackinnon, 2007). I have used Kotter’s change steps as a structure to elaborate on what should (and what should not) take place in a change process. In this section, I have critically reflected upon these stages of change with respect to the issues within public organizations listed in the previous section. Moreover, others’ perspectives on change processes have also been brought in, in order to justify Kotter’s stages with respect to organizational change.

Kotter’s model (methodology) for leading change offers a tool not only to business professionals but also to others involved in organizations to lead them towards a relatively better future (Tomlinson, 2006). Schon (1971) sees change as a threat because of the uncertainties and obstacles embedded in the change process; he introduces ‘dynamic conservatism’ as a concept in societal organizations – meaning an ‘obstacle’ to remaining the same. This obstacle refers to a change agent, but not to a person reluctant to change at all. He describes dynamic conservatism, stating that:

“...a social system is a complex individual which tends to maintain its boundaries and its pattern of internal relationships... social systems are self reinforcing systems which strive to remain in something like equilibrium... social systems resist change with an energy roughly proportional to the radicalness of the change that is threatened ” (ibid., p. 80).

The main problem, therefore, is a stronger and more pervasive force – the tendency to fight vigorously to remain unchanged within the organizational structure. Any tendency towards change is automatically met by the increased effectiveness of the factors that resist change. Like Schon (1971), Kotter (1996) also observes a myriad of difficulties associated with change. Change is not a technical problem, but rather it involves people, uncertainties, and inconsistencies (Poole et al., 2000). Thereby, simply managing change is insufficient; and among other issues, change demands leadership. The change process cannot effectively be employed in an organization unless it is driven by high-quality leadership (Kotter, 1996). With respect to dealing with people and change, during the 1940s, the American social psychologist Lewin (1947) observed a perspective in business organizations that posed that change included three progressive steps: i) unfreezing the present level of performance; ii) moving to a new level; and iii) freezing group life at the new level. Kotter’s (1996) change model essentially resembles Lewin’s three-tier perspective model, which later Kotter explains as the eight stages of the change process. A similar perspective to Kotter (1996) is also found in frameworks introduced by Beer et al. (1990), and Kanter and Stein (1992). Kotter’s eight-

stage change process could be considered as an extended and elaborated version of Lewin's model as shown in table 2.1.1a. Kotter's change process brings new dynamism, not only for business people but for people employed in any organization.

Table 2.1.1a. Kotter's and Lewin's perspectives on the change process

| Perspectives on change | Embodied stages in the change process |
|---|---|
| Unfreezing the status quo | Establishing a sense of urgency |
| | Creating a powerful guiding coalition |
| | Creating a vision for change |
| | Communicating the change-vision |
| Taking actions to move to a new level that bring about change | Empowering the employees to act on the change vision |
| | Establishing short-term wins |
| | Consolidating the gains and keep the momentum for change moving |
| Freezing the changes in the organizational culture | Institutionalizing new approaches to the culture |

(Source: Kotter, 1996 and Lewin, 1947)

A number of factors necessitating organizational change must be taken into account, including technological issues, national and international economics, market forces, etc. These factors create both potentials and opportunities for organizations. Useful change tends to be developed with a multi-step process that creates power and motivation through quality leadership and management. When describing the change process, Schon (1971) asks: "...what is the nature of process by which organizations, institutions and societies transform themselves?" (p. 39). He asserts that the social system contains structure, technology, and theory and they are interdependent of each other. Given the interdependence of structure and individual acts, any one of them may be chosen as a route to change in a social system (ibid.). This could also be the case for an organizational structure. Kotter's (1996) change process, however, does not account for technology or theory; only structure. The eight-stage process posed by Kotter (1996) is briefly reviewed below. I will return to these stages while discussing the change process in the context of public organizations in Dhaka city.

i. Establishing a sense of urgency

Talk of change typically begins when some people begin to notice worrying signs of vulnerability; change can also be spurred on due to recognized and foreseeable possibilities in the organization. The feeling of losing ground in some way sparks people into action, and they in turn try to communicate that sense of urgency to others (Tomlinson, 2006).

Complacency is the first barrier to face at the start of change process. It is necessary, therefore, to jolt people out of complacency to make them understand that the current situation is more undesirable than leaping into the unknown. But who will act to move people out of such complacency is neither specified nor spelled out in Kotter's change process (Mackinnon, 2007). In a business organization, Kotter finds that around half of change efforts fail right here (Kotter, 1996). When applying this phenomenon to this study, some pertinent questions can be asked: What is the failure or success case in public agencies concerning housing in Dhaka city? Do people in these organizations feel such a sense of urgency resulting from their inability to supply housing to all income populations in Dhaka city? These questions bring some incentives to explore scenarios in public agencies for housing in

Dhaka city, which I have brought into the discussion. It is worthwhile to engage outsiders (for instance, consultants, people from other organizations, etc.) who can critically analyze, share the big picture from a different perspective, and help to raise the awareness of organizational members (Rose, 2002). This not only creates, but also widens, the potential for cooperation with other organizations in order to share this extended picture of organizational goals relative to the current state of performance.

ii. Creating a powerful guiding coalition

Change efforts often start with just one or two people, and then grow gradually to include more people within a coalition who understand that the changes are necessary. Change must be nurtured and supported by a group of influential leaders throughout the organization and their involvement in the coalition will pay great dividends later (Rose, 2002). Irrespective of the size of the group leaders, leadership must be influential in order to lead the change (Kotter, 1996). But it is not always clear who the influential leaders are in an organization and what qualities make them influential. Of relevance to this study, it is typical to have a vertical administrative hierarchy in Dhaka's public agencies (Khan, 2003). In line with the arguments by Kotter, officials at the top of the administrative hierarchy might be regarded as influential (because of their administrative power) in taking the lead for change in these public organizations. This, then, opens up the question of whether, if the leaders are not influential enough, change would then be stopped at this stage? Kotter (1996) argues that without sufficient influence and power, the leaders, or group of leaders, will offer only apparent change that will not be rooted in the organization. In most organizations, the change process suddenly stops because of resistance from opposition members who negatively influence the entire change process; this triangulates a dynamic conservatism as offered by Schon (1971). Prevalence of such opposition or conservatism could also be explained by path dependence - a set of decisions for any given circumstance is largely influenced and limited by the decisions in the past (Pierson, 2000). According to Pierson (2000), a broader version of path dependence becomes evident in situations where preceding stages are caused by what happened at earlier point of time. However, path dependence provides the impetus to explore organizational practice in decision-making circumstances, for instance, in housing agencies in Dhaka city. I discuss this issue further, and examine its influence on creating guiding coalitions, later in the thesis.

iii. Creating a vision for change

Leaders must create a vision with a very clear direction toward a changed and better future (Kotter, 1996). Why do leaders alone create visions? Should it not be an outcome of a participatory process, so that everyone in the organization senses ownership regarding the vision? However, irrespective of the process of creating a vision, once people accept the urgency, they want to know where this change is leading (Mackinnon, 2007). Understandably, without a vision the change effort can dissolve into a series of incompatible and discrete projects, and it might become change for the sake of change. In the majority of organizations, change efforts often fail due to the lack of realistic and long-term visions (Raiffa et al., 2007). This study seeks to address a number of related questions: How is a vision defined in the organizational practice of Dhaka city? Is there a long-term vision that embraces national housing policies? If such a vision exists in the organization, has it been created through a participatory process? And if not, what do the organizations work for and strive towards? Though Kotter (1996) places emphasis on *creating* vision, he does not provide any clear direction on *how to create* such visions.

iv. Communicating the change vision

At the stage of communicating the change vision, the question of how to communicate a change vision within the organization arises. Another challenge lies in the question of how to communicate that vision outside of the organization where it was created. There are a few public organizations working for housing in Dhaka city; and they work (or are supposed to work) to implement national housing policies. A core challenge remains in the question of: if a change vision is created within one such organization, how will that vision be communicated to others being driven by same policies? Among the organizations, how can one make a consensual vision to ensure that all are being driven in the same direction? Kotter's (1996) views are limited in relation to communicating visions, as he looks within an organization only; he does not discuss the potential problems and barriers embodied in communicating a vision between organizations working for similar sets of policies. Kanter and Stein (1992) also miss this point.

However, within an organization Kotter's communicative argument is insightful (Mackinnon, 2007; Rose, 2002). In the change process, a great deal of emphasis is given to following the exact order of Kotter's advocated stages without realizing that stages do not necessarily need to run in same order in non-business organizations (Mackinnon, 2007). It is important to uncover whether public organizations related to housing in Dhaka city must follow the stages, and the order, that Kotter advocates.

v. Empowering employees to act on the change vision

Understandably, the drive of actions starts in the stage of empowering employees to act on the change vision. Supposedly, leaders must facilitate and remove barriers for employees to develop new ideas, be innovative, and offer approaches in their respective areas of involvement without being obstructed by the old ways (Tomlinson, 2006). What sort of barriers are being referred to here? Financial? Administrative? Such barriers, in combination with a lack of motivation among the people in the organization, might impede actions towards the change-vision (Kotter, 1996). Is it possible to remove all the barriers from an organization as suggested by Kotter (1996) and Kanter and Stein (1992)? Arguably, it is not. This, then, leaves employees to try to work optimally towards a change vision with their available resources (resources that may or may not be adequate). Researchers advocating a change process assume a lack of resource constraints and instead generate a picture of the most ideal situation. Such presumptions make a considerable difference with regard to the organizational strength in developing countries (e.g., Bangladesh). Nevertheless, empowering employees is a powerful way to enable people to act on a change vision (Tomlinson, 2006).

Further, people who do not intend to change and who make demands contrary to the vision should be given opportunity to 'get on board' and embrace the vision (Rose, 2002). Such an opportunity potentially should be considered in the public organizations of Dhaka city.

vi. Establishing short-term wins

Most people won't join in the long march for change unless they begin to see compelling evidence that their efforts will bear fruit (Yunus, 2008; Kotter, 1996). Therefore, creating short-term wins is a significant step in the change process. Evidence that organizational efforts are working in line with the change vision acts to motivate and keep the momentum of effort going with the same level of urgency (Tomlinson, 2006). As a part of a system of

recognition and incentives, those responsible for short-term benefits are rewarded by leaders. This eventually increases their level of motivation. The question, however, remains as to whether short-term wins also run the risk of producing too much satisfaction, which could lead towards complacency. Further, are short-term wins quantifiable, or are they qualitative, or both? What will be the short-term wins for people in the public agencies engaged in housing the urban poor in Dhaka city? In terms of complacency, it is critical to negotiate between satisfaction from short-term wins and short-term wins as incentives.

vii. Consolidating the gains and keeping the momentum for change

It is easy to declare the battle won based on early short-term wins, but it can also be seductive to failure - as Kotter (1996) puts it, “do not declare victory too soon”. Short-term gains must therefore be considered as stepping-stones to greater potentials and bigger wins that comply with the long-term change vision. Consolidating gains while keeping the momentum for change constitutes a crucial stage. There is a risk that the change process might get stuck as the result of complacency stemming from short-term performance. Until changes enter deeply into the organization’s culture, new approaches are fragile and prone to regression (Rose, 2002; Kanter & Stein 1992). Such fragility recalls path dependence: this might allow the negative forces of tradition to regain ground.

viii. Institutionalize new approaches in the culture

“...Until new behaviors are rooted in social norms and shared values (i.e., culture), they are subject to degradations as soon as the pressure for change is removed” (Kotter, 1996, pp. 145-57).

After making consolidated changes, they must now be rooted into the culture and structure of the organization. According to Rose (2002), two factors are particularly important in this. *First*, a conscious effort to show people how the new approaches, behaviors, and attitudes help improve the life of the organization; and to show connections between effort and outcome. The *second* factor is to ensure that the next generation of leaders believe in and embody the new ways. A discussion of *how* to institutionalize new approaches in the culture of organization, and of what kind of institutional support and cooperation are required, is however not found in either Kotter (1996) or Rose (2002). Taking the case of housing organization in Dhaka city, how might ‘culture’ vary compared to the culture explained in business organizations; does path dependence have anything to do with anchoring culture there?

Essentially, change is omnipresent, uncertain and difficult, but it is not impossible (Yunus, 2008). At the same time, failure should not be kept out of consideration during the change process, as “...failure here is usually associated with understanding the difficulties in producing change” (Kotter, 1996, pp. 145-57).

2.2 The Nature of Governance

2.2.1 Local Governance

This section provides an overview and presents different perspectives on governance, before setting out the reasoning behind for my stand for local governance. There is no simple overarching theory that explains what governance is all about. As such, the concept of governance is briefly summarized from a number of perspectives. Theories of governance operate at

different spatial levels of analysis: local, national, regional, multi-national, or international, etc. Here, the focus is on the local governance, which can entail local, multi-national, and state actors working at a local level.

Studies of governance offer different theoretical perspectives drawn from various academic disciplines, such as urban planning, public administration, international relations, development studies, systems theory, economics, and political science (Newman, 2001; Kooiman et al., 1999). The perspective outlined in the following sections deals with change processes involving the public sector, the private sector, and the urban poor, as actors at the city level.

Table 2.2.1a Common usages of the governance concept

| | |
|------------------------|---|
| Governance as | |
| Good governance | Strategies for helping developing countries to achieve the best possible governance through participation, transparency, accountability, rule of law, effectiveness, equity, etc. |
| Global governance | The interplay of political, economic, and social actors in order to tackle global problems and create worldwide obligations |
| Multi-level governance | Dispersion of governance across multiple levels, such as local, national, and regional |
| Corporate governance | Establishing efficient management of corporations |
| New public management | Introducing corporate management and marketization to the public sector |
| Local governance | New practices of coordination: negotiated social governance such as networks and partnerships within the paradigm of local governance |

(Source: Adapted and revised from von Sydow, 2004)

Governance is used in a number of different areas, where it is consequently defined in different ways. Table 2.1.2a provides a set of comprehensive idea along with the operation of governance at various institutional and spatial levels. This section, however, does not elaborate on all of the aforementioned areas of governance; rather the analysis is developed around local governance (new practices of coordination), a primary focus of this study.

“...Usage of governance relates to the local governance: practices of coordinated activities at the local level through networks, partnerships and deliberative forums that have grown up on the ruins of more centralized and hierarchical corporatist representation of the period up to the 1970s” (Hirst, 1994 in von Sydow, 2004).

It is argued that the state can no longer assume a monopoly over the resources or expertise necessary to govern, but must instead rely on a plurality of actors drawn from both within and beyond government. In this study, actors (e.g., real estate companies, public housing agencies, commercial banks, etc.) operating at the local level, along with state and multi-national actors, could all be engaged to enhance the institutional and financial capacity of governance in an attempt to address long-lasting problems, such as housing for the urban poor. Among others, the Center for Democracy and Governance (2000) advocates two key points imperative to assessing the capacity of local governance: i) its ability to address perceived social needs and provide or improve basic public services; and ii) local actors’ ability to perform with tightly

restricted financial resources, which are often insufficient in meeting the primary functions of the citizens. Essentially, such constraints stem from the need to enhance the local governance capacity. One of the approaches to strengthening the capacity of local governance is through public-private partnerships: proactive participation in national development programs with local or national actors or donors and contracting out for services (Center for Democracy and Governance, 2000).

In this study, the usage of local governance public-private partnerships at the local level is focused upon in particular. However, such partnerships could also include actors at national and multi-national levels. Within the realm of the organizational change process, the strengths and potentials of partnerships (among the vested actors) need to be viewed in relation to their contribution to power by addressing basic needs of the society – essentially, in relation to the positive changes that partnerships could bring. Governance is introduced in order to ameliorate the mutual resource-hoarding of local actors; and, based on that, in order to understand how partnerships among such actors could be developed with a focus on their mutual interests. The next section describes in detail this process.

2.2.2 Narrowing Down to the Crux of Local Governance

Governance as a broad heuristic term refers to the generation of social order, interdependence (between private and public sector or layers of government), and resource exchange, constituting a process by which local political institutions implement their programs in concert with civil society actors (Cars et al., 2002). Thus governing becomes an interactive process, as no single actor has the knowledge and resource capacity to tackle problems unilaterally (Stoker, 2000). Cars et al. (2002) provide the following three forms of resources for interactive governance (which are later complemented by UNDP (2003) as depicted in figure 2.2.2b):

- i. intellectual capital
- ii. social capital
- iii. political capital

In line with the shift of governance paradigm (from government to governance), there is an urge for a change in existing local governance structures in order to address the question of how an institutional space could be provided to allow the residents to act as ‘subject’ in decision-making in order to bring positive changes to their neighbourhoods (Cars et al., 2002). Does local government always provide a transfer of power to residents? Some might argue in favour and some against, depending on the level of democracy being practiced by local government. Changes in neighbourhoods could take the form of affordable housing, green development, social cohesion, and the like.

Changes in governance structures tend towards the form of inter-connected processes undertaken in order to explore the available resources at stake and thereafter to build capacity for local governments. Local governance therefore comprises a set of institutions and processes by which citizens can articulate their interest and needs, mediate their differences, and exercise their rights and obligations at the local level (UNDP, 2003; Cars et al., 2002). The building blocks of effective local governance are citizen participation, partnerships among key actors at the local and national levels, capacity (resources) of the engaged actors, multiple flows of information about the capacity of citizens, institutions of accountability, and human development policies (ibid.). Figure 2.2.2a shows how local governance can widen the

attempted to transform governance capacity (Cars et al., 2002). New realities are (amongst other factors) reflected in the urbanization of poverty, increasing demand for houses which are unaffordable, and the inability of local and national governments to meet such heightened demand with limited institutional and financial capacity. Healey (2001) explains such failures to adapt to new realities by arguing that the extent and trajectory of transformations in governance capacity are not inevitable or unidirectional pathways; a position which supports the aforementioned simplified model in figure 2.2.2a. Healey (2001) concludes that there is enormous diversity in the situations and contexts of urban governance activity. The range of forces acting on and across the terrain of localities is so multi-dimensional and variable, that complexity, uncertainty, and the dispersal of power are the characteristic qualities of the context. The major focus of governability, therefore, is the availability of critical resources amongst local actors, resources upon which to build new intellectual resources which in turn lead to the development of political and social capital. Such a development also requires action repertoires through which to mobilize stakeholders, in order to focus on building local governance capacity (Kooiman, 1993).

There has always been a continuous need to build and expand local governance capacity in order to meet the heightened unaffordable demand for housing, however local governments have not been successful at satisfying that mounting demand, especially with regard to the urban poor (Islam et al., 2009). Is this because the local government of Dhaka city failed to adapt to new realities? What could be the other causal factors? These questions are discussed in chapter eleven.

Deliberative Dialogue towards Mutual Benefits

As commonly understood, ‘dialogue’ is a process that brings benefits to civil life through its orientation towards constructive communication, dispelling stereotypes, relaying ideas, and the intention to listen to and understand other actors (McCoy and Scully, 2002). Deliberation, as a related process, creates opportunities to use critical (innovative) thinking and reasoned argument as a way for citizens to make decisions about public policy (ibid.). Deliberative dialogue, therefore, is the process of taking into account innovative thinking, ideas, and reasonable arguments by a constructive communication and mutual understanding among vested actors or partners. The aim is to formulate actions for policies that will in turn help develop partnerships for the mutual benefit of the engaged actors.

Within the paradigm of local governance, deliberative dialogue is one of the major pre-components for partnerships, and is needed in order to understand actors’ needs and gather the strength to sort out a common ground where actors benefit mutually (McCoy and Scully, 2002). Hajer and Wagenaar (2003) present an overview of governance through deliberative dialogue, whereby its success depends upon overcoming obstacles such as bureaucracy. Hendriks et al. (2007) assert that dialogue at a national level is supposed to involve a cross-section of stakeholders (actors) who have the same interests but exist at different layers, continuing the deliberation process where interaction is expected for a dialogue intended to make a consensus. An effective consensus-building process, therefore, should be guided by ground rules in anticipation of policy formulation (Innes and Booher, 2003), e.g., for partnerships. Regarding the question of the nature of formality and informality, Barrett and Fudge (1981) argue that policy intentions are often not formally articulated, but rather emerge during the flow of governance activity. As people with agency deploy rules and manipulate resource flows, they interpret and invent policies through their actions. Barrett and Fudge (1981) argue that policy as practiced is thus a bottom-up process, which ideally should be the

practice, but largely varies across the countries and cities. Policy practice in the context of Dhaka city is a top-down process and often policy prescriptions are more imaginary, rather than something that could be implemented in reality (Bari & Efrogmson, 2009; Islam, 2000a).

Deliberative dialogue (also known as deliberative governance strategy) for policy instrumentation is considered to be an alternative to top-down decision making or paralysis (Booher, 2000). People in many countries are trying new ways to make decisions about public action - ways which are more inclusive of interests, more open to new options and opportunities, and more broadly discursive, as well as more personally and publicly satisfying (Innes and Booher, 2003). On the contrary, as mentioned earlier, current practices of policy making and its implementation (for instance housing policies) in Dhaka city are top-down. This recalls the need for steering. In the governance context, steering recognizes that government should not impose its policy, but must negotiate both policy and implementation with stakeholders (actors) in public, private, and voluntary sectors (Stoker, 2000). Healey et al. (2003) observe deliberative democracy – as described by Dryzek (2000) and operating within the presence of state bureaucracy – as a challenge relating to how to develop relations between civil society, the state, and the economy, which are less hierarchical and less paternalistic. The challenge perhaps is even greater when available resources (for instance financial, organizational, social capital, etc.) attached to the poor living in Dhaka's slums are to be understood through deliberative dialogue.

It is formally perceived that the urban poor are financially incapable of affording any form of decent housing, a perception which triggers the need for deliberative dialogue in order to dispel stereotypes of housing affordability and unleash their strength. However, the aim of introducing deliberative dialogue in this study is to explore and examine actors' resources at stake, to understand mutual and aggregative strengths, and to devise courses of action to achieve affordable housing. How such actions could be institutionalized and instrumented in national housing policies is yet to be seen. More emphasis is given to policy development of partnerships – among slum (Jhilpar) community, public agencies, and real estate developers – for affordable houses through social business.

Widening the agenda of deliberative dialogue

Deliberative dialogue is considered to be one of the means to find a common ground serving all interest groups. In this spirit, deliberative dialogue among a group of people is aimed at establishing a framework for mutual understanding and a common purpose that transcends simply ideas and opinions (Mathews & McAfee, 2000). It is commonly assumed that the only alternatives to consensus are compromise and dissent. But deliberative dialogue offers another possibility by assuming that individuals' views may be to some degree amorphous and indeterminate until they have been refined and enlarged through the process of deliberation with others (Innes & Booher, 2003).

Deliberative dialogue is reflective, exploratory, open to all options and is cause-driven and public-problem solving (McCoy & Scully, 2002). It requires that people listen to one another to understand key interests and values that will help determine what action is best for all concerned (Innes & Booher, 2003). Deliberative dialogue relies on participants' own experiences, knowledge, and ideas to move towards policy-oriented actions (McCoy & Scully, 2002). The urban poor in Dhaka, for example, are one of the key actors at a local level and their first-hand ideas, knowledge, and experiences of managing housing expenditures,

sources of income, etc. are worth sharing and being heard in the effort to instrumentalize policies of affordable housing.

In deliberative dialogue, actors with widely differing viewpoints and agendas can work together if they carefully define the areas where they agree – where their core values are the same – and where they differ (Innes & Connick, 1999). In addition, Isaacs (1999) stresses the fact that dialogue among the actors must be authentic, not merely rhetorical. Authenticity in dialogue will help to make consensual agreements among the actors and enable them to devise actions and policies for partnerships. Isaacs (1999) stresses both the diversity and interdependence of interests among the actors, factors that create common denominators of interest, without which the truly significant benefits of deliberative dialogue cannot be achieved (see figure 2.2.2b). Cooke (1998), therefore, argues that all interests of the vested actors in deliberative dialogue need to be examined and explored in order to achieve a rational consensus.

For clarity, it is necessary to explain the process components engaged in deliberative dialogue, as is depicted in figure 2.2.2b. First of all, *reciprocity* implies the relationship that becomes the glue for continuing work. Reciprocity develops mutual understanding amongst actors of their independent resources. Axelrod (1984) shows that cooperative strategies are beneficial over time, and that actors have an incentive to cooperate if they have continued relationships. A significant outcome of deliberative dialogue is new *relationships* (e.g., social capital) among the actors. Generally, these relationships develop by mutual interaction among actors. A third outcome of the dialogue is actors’ learning about interests, problems, and solving strategies. Actors *learn* a great deal in this process (Innes, 1994). In the effort to bring about change or find a common denominator (i.e. a workable solution) for partnerships, tremendous *creativity* can be generated by the actors - particularly when techniques such as brainstorming and descriptive scenario building are used (Hajer & Wagenaar, 2003).

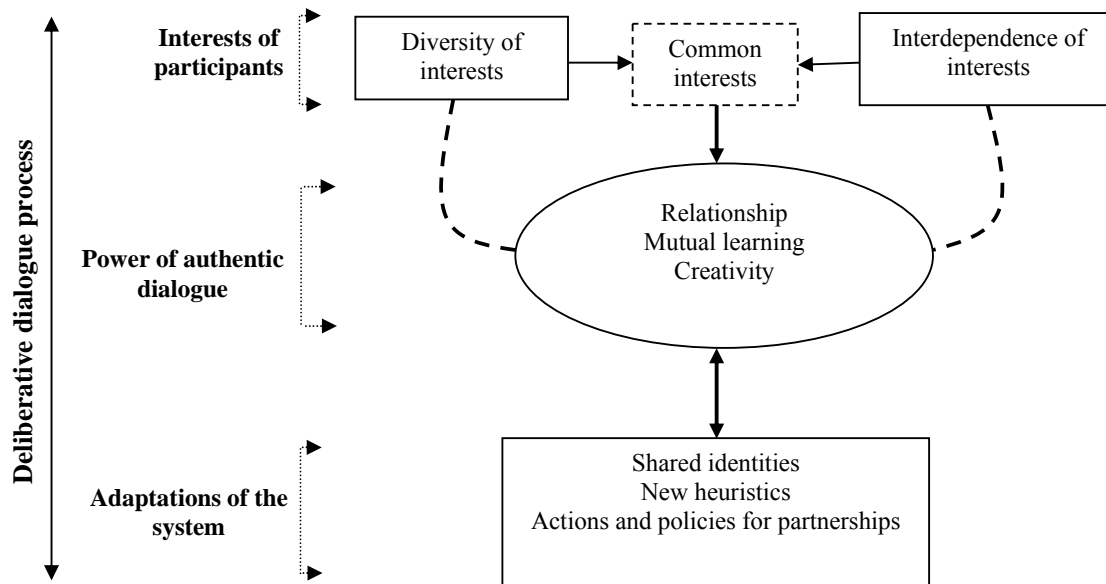


Figure 2.2.2b Dynamics of the deliberative dialogue process, p. 39

(Adapted and revised from Hajer and Wagenaar, 2003; a space of common interests is created which leads to results through authentic dialogue. There is a uni-directional relationship between authentic dialogue and adaptation to the systems as shared identities, values, etc. might also influence authentic dialogue)

In the above figure, Hajer and Wagenaar (2003) identify four kinds of changes that help to transform a complex system into a complex *adaptive* system that has the capacity to learn and evolve through feedback. The *first* change is that deliberative dialogue helps each actor to articulate his or her identity as an actor and a citizen of a city. Each actor's identity becomes in part dependent on the identity of others, as in a community, where responsibilities and roles are simultaneously differentiated and inter-connected. Identity development is a critical part of the process that is under challenge (Castells, 1997) and which, for instance, is demonstrated in an identity crisis of Dhaka's poor populations, who not only struggle to be seen as actors in housing markets but also struggle to be seen as citizens. The *second* change that helps the system become more adaptive and intelligent is that which occurs when individuals begin to develop shared values. The *third* adaptation of the system occurs when the individuals in each group develop new relationships. They might agree on new rules of thumb to advance their combined actions and influence public policies from the bottom. McCoy and Scully (2002) therefore assert that deliberative dialogue is connected to policy making and governance. *Finally*, what emerges from deliberative dialogue can be genuine innovation – not just creative ideas, but ideas that get turned into new practices and institutions, and common ground for implementable actions (Hajer & Wagenaar, 2003).

Obstacles to deliberative dialogue

Who starts the deliberative dialogue process? McCoy and Scully (2002) advocate that community members should initiate the process. This might be true in a community which is formally recognized by the local government, such as a residential neighborhood or the like, but what will happen in the case of the community (e.g., slum) waiting for formal recognition by the city authority? The criticality of this issue is intertwined with the context of this study.

Bureaucracy is an obstacle in deliberative dialogue that needs to be overcome. Legislative bodies sometimes object to collective decisions through deliberative dialogue, as they assume that such decisions undermine their prerogatives. There is also the possibility that public agencies might oppose collective decisions or try to control the deliberative process (Kingston, 2005; Hajer & Wagenaar, 2003). It might be a common practice in deliberative dialogue that political or professional elites presume to speak on behalf of common people, without any representation of their experiences, thoughts, and ideas. McCoy and Scully (2002) argue that all actors in the dialogue should have a real voice; none should be unheard. The essence of deliberative dialogue is the presence of actors from different levels; each must play a significant role in shaping the dialogue and setting directions for public policy; not just by talking together, but by thinking together.

Partnership

The concept of partnership is introduced here in order to expedite different forms of partnerships at multiple levels of government. The aim is to bring the key issues of partnerships in line with those of building social business.

Partnership is used in various ways depending on the issues and contexts (Peters, 1998; Bailey, 1995). Peters (1998) develops a set of characteristics that appear to be involved in most partnership arrangements (those that include private and public actors). Partners are, in principle, capable of bargaining on their own behalf and the partnership is an enduring relationship to which each partner contributes something. Despite this, questions remain as to whether partnership arrangements are capable of mobilizing collective action, and of who gets

involved. These are matters that can only be resolved empirically (Cars et al., 2002) and constitute age-old questions about partnerships, the answers to which vary considerably across the contexts of local governance. In this study, partnership is not treated in relation to profit-oriented business, but is rather associated with social welfare issues i.e., partnerships for a social business. Further, one of the core questions of this study aims to examine whether partnerships for social business among local actors are capable of mobilizing resources for affordable housing for the urban poor.

Governance is about governmental and non-governmental organizations working together (Stoker, 1998). The emergence of public-private partnerships introduces a new era of collaboration between public and private actors at different levels of government (local, national, and international) and across different policy fields such as housing (Mohr, 2004). Private-private is another form and multi-nationality is another level of collaboration in partnerships; Grameen-initiated social businesses such as Grameen-Danone, Grameen-BASF, etc., are examples of private-private partnerships at local-multinational level (Yunus, 2008).

Within the framework of governance there is, however, a concern about how the combined power of partnerships (between public and private organizations, for example) can meet the challenges of collective action and address and solve societal problems (Stoker, 1998). This challenge is also tied to a number of critical questions including those of inclusion and exclusion (equality), as well as legitimacy and transparency (Stoker, 2000; Pierre, 2000). These critical questions are highlighted below with respect to a discussion of the way in which the Global Humanitarian Platform (GHP)² (2007) details these issues. Though their adopted perspective is more one of partnership through human development, it is transcribed here in accordance with the focus of this study.

In partnerships, *equality* requires mutual respect between partners. They need to recognize individual and aggregated resources and constraints in partnerships. *Transparency* is achieved through dialogue (on an equal footing) with an emphasis on consistent consultations and detailed sharing of information. Financial transparency increases the level of trust among engaged actors. *Legitimacy* implies that partnerships should be defined by a jointly formulated goal (either financial or social welfare) and that that goal should define specific measurable outcomes to assess the performance of the partnerships over time. Partnerships, therefore, are an organized cooperation between two or more partners that, through mutual commitment, will reach a jointly formulated goal (Holmberg, 2003 in Martinson, 2005). That goal should be structured on clear definitions of success of social business – either in the short or the long term. From an organizational perspective, Kotter (1996) discusses success - especially when victory should be declared and how success should be consolidated while keeping momentum going. However, it is understood that addressing the critical questions presented above is a task that is associated with deliberative dialogue and, further, that such a task forms an integral part of social business.

² GHP stands for global humanitarian platform (GHP) and is created as an outcome of dialogue between UN and non-UN Humanitarian organizations. Along with GHP's responsibilities on flexible, ad hoc, time-bound humanitarian actions, it formulates principles of partnerships to ensure a common understanding among its actors. <http://www.globalhumanitarianplatform.org/pop.html#pop> Accessed on January 10, 2008.

2.3 Urban Land Tenure: Informal Housing Continuum

“...Secure tenure, though one of a set of components that contribute to a successful improvement in the living and working conditions of the urban poor, it is considered to be of central importance because it has a catalytic effect: it invariably leads to other processes and issues vital to sustainable shelter delivery and upgrading” (UN-HABITAT, 2004, p. 17).

Urban land tenure security is one of the prerequisites for house construction and improvement (UN-HABITAT, 2003b). Through the following literature overview of land tenure, its different typologies and options are explored. These types and options have existed and evolved in various city contexts (e.g., Dhaka) in developing countries. Debate over the applicability of land title and rights-based approaches to tenure security is discussed. The dialogue also attempts to find possibilities by synthesizing different tenure security options, not only to frame a common denominator, but also to open up avenues for applicable tenure systems for the urban poor living in the slums of Dhaka city.

2.3.1 Urban Land Tenure Facts

One of the most obvious problems facing low-income people occupying housing in the informal sector relates to tenure security (UN-HABITAT, 2003b). The operational definition of land tenure, therefore, should not be overlooked. Land tenure can be defined as the mode by which land is held (land rights) or owned, or the set of relationships among people concerning land or its product. Land rights may cover access, use, development, or transfer and, as such, land rights exist in parallel with ownership (Payne, 2000). Land tenure presents the manner in which titles and rights of land can be allocated, or the form they are being practiced, to different income populations of a city (ibid.). Basic rights to other areas of life (e.g., access to safe drinking water, sanitation service, etc.) are reflected in the type and nature of land tenure. Many researchers (Shafi & Payne, 2007; Islam et al., 2006; Rahman, 2001; Payne, 2000) discuss non-formal tenure categories in cities of developing countries (for instance, Dhaka) among which living in the slum (or squatting) is the most common category. This process began in response to the inability of concerned public authorities (including housing markets) to satisfy the housing needs of the poor. This has led to increased pressure and severe challenges for local (public) authorities in finding an intermediary and negotiated tenure system to deal with two different but important issues: i) authorities are financially incapable of satisfying housing as a basic need; and ii) due to the heightened rate of rural-urban migration, living in the slum has become the most common way out for low-income people to start an urban life (Rahman, 2001). Thus there is a need to develop an overview of the land tenure categories being practiced in cities of developing countries in order to help establish an intermediate or negotiated tenure typology.

Payne (2000) offers examples of the types of land tenure most commonly practiced in the cities of developing countries, focusing on those that might co-exist with other tenure categories within the same city or between an urban area and the areas within its vicinity. Payne (2000) identifies a few common types of land tenure categories that are relevant to this study. These are briefly discussed below.

Public tenure: Virtually all societies acknowledge the concept of public land ownership to some degree (Payne, 2000). In socialist countries, all rights are vested in the state, while in capitalist or mixed economies such rights may be restricted to a narrow range of public requirements, such as strategic or communal uses (UN-HABITAT, 2003b). Payne (2000) argues, adopting a comparative view, that in cities in developing countries, although public

tenure has frequently achieved higher levels of equity than private systems, it has rarely achieved high levels of efficiency due to bureaucratic inefficiency or systems of patronage and clientelism. The balance and efficiency in achieving equality by public and private systems still need to be assessed.

In the context of Dhaka, it is debated whether public tenure alone is able to deal with the challenges of tenure security with respect to the needs of urban poor living in slum settlements (Shafi & Payne, 2007). Section 5.1 (Governance of urban land) illustrates the usages of government-owned urban land for the urban poor, categorically known as public and *khas* land. Other forms of land tenure category in Dhaka city evolved under different circumstances.

Non-formal tenure categories: These include a wide range of categories with varying degrees of legality or illegality. They include squatting, along with various forms of unofficial rental arrangements. In some cases, several forms of tenure may co-exist on the same plot where ‘*thika*’ tenants rent plots and then sublet rooms to others who sub-let beds on a shift system, with each party entitled to enjoy certain rights (Rahman, 2001).

With the intensifying demand, even some informal tenure categories have become commercialized so that access by low-income groups is increasingly constrained (Payne, 2000). Despite this, they represent the most common urban tenure category in many countries and accommodate the majority of low-income households. They are also often expanding more rapidly than any other category and thus contribute more to non-formalization-of-tenure-security and slum creation—evidently resulting in rapid urbanization-of-poverty (ibid.). This nexus of urbanization-and-slum-formation concerns local authorities and it is further exacerbated by the inability of government policy prescriptions (or inappropriate policy prescriptions) to either provide to the urban poor with any land tenure security or to curb the urbanization rate (Nabi et al., 2003). This is a challenge for the local government authorities in Dhaka: to instrumentalize applicable policy directives. I return to these issues in chapter eleven where I offer a synthesis of policy directives for low-income affordable houses.

Shafi and Payne (2007) elaborate a number of land tenure categories in the context of urban land in Bangladesh, which may not exist in all urban jurisdictions. I have returned to these land tenure categories in chapter ten, justifying the use of these categories. Additional types of land tenure options in Bangladesh – that is, in addition to Payne (2000) – are as follows:

Legal tenant no contract: Under this typology, tenants live in legal housing under oral agreement.

Legal tenant with contract: Here tenants rent legally developed land/houses with a legal contract—normally it is a year-round contract.

Tied Tenant: Tenants of this kind occupy residential quarters as employees of government, semi-government, and private commercial and industrial organizations. Therefore, tenure security is tied to retaining employment.

Within the formal legislative structure of Bangladesh, urban land tenure is regulated by land laws which allow two systems of land ownership i.e., i) free-hold, and ii) lease-hold title. Free-hold ownership is guided by two acts i.e., the Transfer of Property Act 1882 and the Registration Act 1908 (Rahman, 2008; Shafi & Payne, 2007). In many developing countries there may be even more than one legally acceptable system in operation and sometimes there

are overlapping regulations which generate complexities (Durand-Lasserve & Selod, 2007). Co-existence of these different tenure systems and sub-markets within most cities creates a complex series of relationships in which policy related to any one has major and often unintended repercussions with respect to the others (Payne, 2000). Before any attempt to intervene in land markets is made, it is therefore vital to assess the full range of de jure and de facto tenure systems and sub-markets in a city (Payne, 2000; 1997). In many cases, tenure security is de facto despite the illegality of the structure (UN-HABITAT, 2003b).

Tenure security also emerges as a part of urban livelihood strategies. One such form is 'political tenure security' which describes de facto security where politicians do not dare to evict or bulldoze informal settlements (Vestbro, 2007). Political tenure security is itself a thought-provoking concept where political parties or activists have vested interests in the low-income populations living in the slums. Rahman (2008) briefly describes this concept as follows: local politicians allow the urban poor to live in the slums for certain duration in exchange for their votes favoring their political agenda. This generally happens before national and local government elections. This has been a long-established practice, but in land tenure discourse there is hardly any discussion of how such political tenure security could be incorporated into the housing discussion and hence made useful for in situ housing improvement or conventional construction of houses.

2.3.2 Full title of land and the rights-based approach

Land title is a legal term for a number of rights (which could be separated and held by different parties) in a piece of property in which a party may own either a legal or an equitable interest (Payne, 2004). It is also associated with the formal documentary evidence of ownership. Land rights imply a few rights related to the property without providing any ownership evidence (e.g., deeds) (Durand-Lasserve & Selod, 2007). There are a number of explored and unexplored land rights in the developing countries that could provide more legitimate options to the urban poor to build houses in compliance with their affordability. Land titles do increase both the legal and perceived security of tenure, but the question is whether they are the most effective or the only means of achieving land tenure security (Durand-Lasserve & Payne, 2005). In some circumstances, other means may be as effective and easier to administer (Durand-Lasserve & Payne, 2005; Rahman, 2001).

There are numerous examples of considerable investments being made simply by an official statement that a settlement will not be removed (e.g., through the provision of services, or by issuing certificates of use), which is different than land title based tenure security (Payne, 2000; Hoek-Smit, 1998). For example, in Cairo, residents of a squatter settlement rejected offers of freehold titles because they assumed that the cost incurred would be too high; yet the offer of titles, together with the provision of services, was sufficient to stimulate considerable investment in housing construction and improvement (Daef, 1993). Conversely, there are many cases where the provision of titles is not sufficient to achieve increased levels of security, investment in house improvements, or increased property tax revenues (Durand-Lasserve & Selod, 2007; Payne, 1997; Varley, 1987). Rahman (2008) and Payne (2000) argue that it is not land title but other forms of collateral that would invariably be acceptable to get access to a housing loan for upgrading or building low-income houses. What would these other forms of collateral, that benefit the urban poor by providing access to mortgage finance for housing, be?

Payne (2000) argues that collateral is irrelevant unless households can satisfy the initial criterion of ability to repay. The intriguing question therefore follows with regard to the nature of loan collateral in Dhaka city: Is land title as collateral irrelevant for Dhaka's low-income populations as well? Could it be said that land title provision is unlikely to increase access to formal loan schemes? In chapter eleven, I present these issues with respect to the empirical findings of this study. However, such collateral inevitably restricts mortgage finance to households with adequate levels of income or savings and hence excludes the urban poor (Payne, 2002). Contrary to this phenomenon, low-income populations, somehow, are financially capable of affording housing at their level of affordability, which has yet to be formally acknowledged in the housing market (Patel & Mitlin, 2001; Hoek-Smit, 1998). Therefore, two interesting issues emerge in the discussion of housing markets. These are: i) the exclusion of low-income populations from the housing market; and ii) their true financial ability to be able to play a role as actors in affording housing.

Some researchers (Durand-Lasserve & Selod, 2007; Rahman, 2001; Payne, 2000) argue that regularizing or formalizing land tenure or titling on a large scale may have serious negative consequences. Given the continuum of both statutory and unauthorized tenure categories in most cities in developing countries, public sector intervention in any one sub-market has both direct and indirect repercussions for other sub-markets (Payne, 2000). If full titles are granted to residents in slum settlements, for instance, it sends a signal to land owners and real estate developers that significant and sudden increases in land values can be realized by subdividing land illegally (*ibid.*). The World Bank (1993) notes that prices for the houses with tenure security are 25-60 percent higher than for similar houses without tenure security. Title provision or regularization may, therefore, stimulate the processes of unauthorized development that these strategies seek to prevent and therefore reduce, not increase, public sector influence over land and housing markets (Durand-Lasserve & Selod, 2007). A further consequence of granting full individual titles may be to further intensify distortions in urban land and property markets which, in many cases, are already severely distorted (Islam et al., 2006; Hasan & Kabir 2002; Payne, 2000). Likewise, the values of private free hold tenure and property-owning democracy promoted by the World Bank are highly criticized, and can be challenged by the fact that Bangladesh has higher levels of property ownership than some western countries, for instance Switzerland and Germany (Islam et al., 2006; Rahman, 2001). Despite this, why do the majority of the urban poor not have access to formal financing services in Dhaka? This, perhaps, is connected to the skewed and distorted land ownership in Dhaka (Rahman, 2008). In a few low-income housing projects in Dhaka, full title of land was granted to the households, but the majority of these households sold their plots at (the then high) market value, considering this sum to be their life-time income, and moved back to other slum settlements (Rahman, 2008; 2001; Islam, 1996). Therefore, the poor were not able to take advantage of these housing services.

The example of the Ahmadabad Slum Networking project in 1995 exhibits the way in which a certain degree of land tenure security can build a pathway and bring about positive changes directed towards improving basic infrastructure in the slums and hence, can improve access to facilities and credit. What could not be achieved in 10 years became possible in just over a year by adopting a flexible approach - i.e., the municipality acted so that no evictions would take place for at least ten years (Patel & Mitlin, 2001).

Insistence on full title might have negative impacts on the operation of urban land and housing markets targeting the poor (Islam et al., 2006; Payne, 2000). If land title is not the legitimate option for low-income populations in Dhaka, what is/are the alternative(s)? Is there

any intermediary space on the land tenure scale? In finding an intermediate space in land title and rights, Payne (2000) and Durand-Lasserve and Royston (2002) describe a number of practical issues and endogenous challenges, derived from different parts of the world, in order to establish a ‘rights-based approach’ as an intermediary solution to ensure tenure security. This refers to the right to secure tenure i.e., the idea that every citizen has the right to a secure place to live (Durand-Lasserve & Selod, 2007). The example of Egypt describes a best land rights approach where a modest ground rent, or *hekr*, is charged to informal dwellers on government or unclaimed desert land; not to grant title but to ensure that if households have to be displaced, they will receive compensation for the properties (e.g., houses) they have erected on the land plots (Patel & Mitlin, 2001).

Placement of a rights-based approach is shown in the conceptual diagram of tenure security presented at figure 2.3.2a. The rectangular box indicates formal recognition by the concerned authority, an area in which rights-based approaches and land title are both understood to be placed.

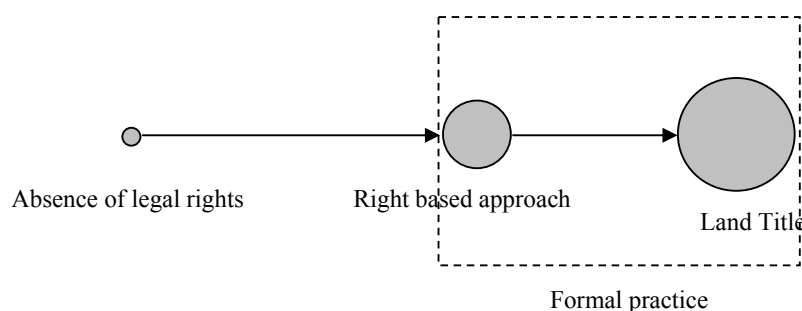


Figure 2.3.2a Intermediary location of a ‘rights-based approach’ in land tenure security scale
(Source: own construct. *The bubble represents extent of formality*)

Durand-Lasserve and Royston (2002) advocate that, at least in the short to medium term, improving rights is the key to increasing security and stimulating improvements in housing and living standards. Durand-Lasserve and Royston (2002) also strongly suggest that tenure formalization must be part of a package of measures, not a stand-alone program. In particular, it should be combined with increased access to existing livelihood opportunities, the provision of services, and the increased supply of affordable legal housing options. Like Payne (2000), Durand-Lasserve and Royston (2002) demonstrate a few examples of intermediate tenure systems that fall short of providing titles, but that do increase tenure security and facilitate access to livelihoods and services. Some of these have the potential to be upgraded to full titles over time; some offer improved rights to individual families; and others provide communal forms of tenure. There are some examples of such intermediary approaches that are already being practiced in different parts of the developing world (Durand-Lasserve & Selod, 2007). They exhibit the intermediary option being discussed as actually practiced in different forms that vary with different socio-economic and cultural contexts.

For example, in Egypt, India, and Colombia, tenure security is achieved over time through the accreditation of various documents relating to property taxes, utility charges, voter registration forms, ration cards, etc. (Patel & Mitlin, 2001). This form of de facto tenure (i.e., political security of tenure) is possibly the most common of all urban tenure systems and can significantly increase the perceived levels of security and stimulate substantial levels of investment in home improvements, local businesses, and infrastructure (Payne, 2000).

In chapter nine (Empirical Findings), I illustrate examples of existing land tenure options in Dhaka. In chapter ten I then analyze how far those options are potentially upgradeable against the requirements set by conventional housing and mortgage finance institutions; and likewise consider the potential alternatives for creating an environment conducive to affordable houses.

2.4 Affordable Housing and Finance

This section illustrates various tenets of affordable housing and finance which arise with the question of land tenure security. UN-HABITAT (2005) emphasizes the fact that finance is only one dimension of securing sustainable solutions that can fill the gap between the two extreme outcomes of current systems and processes: affordable shelter that is inadequate; and adequate shelter that is unaffordable. It concludes that the locus of policy attention should be on both: the cost of housing (the supply side), and the level of payment received by workers (the demand side). The following discussion continues in line with the views of both demand and supply.

2.4.1 Housing Affordability

Achieving a precise definition of housing affordability is affected by the fact that incomes and expenditure on houses vary amongst the socio-economic contexts of different countries. The housing affordability problem starts where urban populations are unable to enjoy housing services that satisfy minimum levels of quality. Procurement of housing services may be either in the form of renting or owning. Renting, on one hand, is determined by the renter's ability to select their preferred quality of housing and its location. Ownership, on the other hand, is associated with title and depends directly on one's ability to meet the costs of land delivery (or price of land), the costs of building materials, and the costs of labor in the construction process. Overall, housing is considered affordable if it leaves households with a sufficient income to meet other basic needs (Linneman & Megbolugbe, 1992). Rental payment expenditures, however, should be approximately 25 percent of monthly income (Gans & King, 2003; Parry & Associates, 1987).

The conventional public policy indicator of housing affordability in the developed world is the percentage of income spent on housing. Housing expenditures that exceed 30 percent of household income have been viewed as an indicator of a housing affordability problem (Linneman & Megbolugbe, 1992). There are several reasons for the affordability problem. In principle, these include the credit-worthiness of individuals and the state of the economy (Khakee, 2005); inequitable distribution of resources (Zhu, 2005; Juppenlatz, 1970); and institutional barriers (supply constraints). Because housing expenditure tends to rise with home prices, many analysts rely directly on the home price-to-income ratio as a measure of housing affordability. Specifically, the levels and trends in median-home prices relative to median-income are commonly used as indicators of housing affordability (ibid.). DiPasquale (1999), however, argues that the relationship between median-home-prices and median-income does not account for the actual financial constraints faced by home buyers. Moreover, in the case of owners, these measures do not control the impacts of expected appreciation of housing cost increases. The median home price to median income measure ignores other components of housing costs, such as mortgage interest rates and down payments, both of which fundamentally determine monthly payments. Burke (2004) asks, with respect to the share of income spent on housing, why 30 percent (e.g., why not 10 or 20 percent?)? Burke (2004) argues that the rationale for such benchmarks is as much philosophical judgments

based on a society's values and its historical and institutional structures than any technical reason. One rationale for the 30 percent benchmark is based on a rule of thumb that housing costs are normally around a quarter of a household's income. This is, however, not a sophisticated evidence-based policy, but appears to have emerged from historical observation of people's housing practices and financial institutions' lending practices (ibid.).

The concern with the affordability problem is obscured by the fact that there are still areas where there is high affordability (Burke, 2004). They might not be affordable in terms of 30 percent benchmark, but they remain affordable for many lower to middle-income households (Burke & Hayward, 2001). The reason that they remain affordable lies in negative perceptions by the community and formal institutions with respect to the poor amenity and employment opportunity of the low-income households. Some (Burke, 2004; Gans & King, 2003) argue that the crux of the issue remains the fact of meeting basic housing requirements by spending 25 to 30 percent of income i.e., price-to-income ratio. Moreover, formal institutional and community perceptions of the house affordability of the urban poor, in general, could accordingly be a potential factor in policy prescriptions on affordable houses. The common perception of public and private housing agencies in Dhaka city is that urban poor are financially incapable to enjoy any houses at this level of affordability (Hoek-Smit, 1998). The affordability issues should, therefore, be seen in terms of creating affordable houses, which corresponds to respective income groups, with improved but affordable amenities on par with their incomes (Burke, 2004; Hoek-Smit, 1998). The conventional metrics used to look at housing affordability should, therefore, be re-thought. Deeper knowledge is required regarding house 'affordability' when it comes to low-income housing provision. The conceptualization and measurement of affordability, therefore, needs to be re-thought - possibly beyond the 25 to 30 percent benchmark. The affordability problem relates to how to expand affordability to a broader range of income populations and to engaging local government and private housing agencies (Burke, 2004). This, in turn, invokes public-private partnerships that seek alternatives for affordable houses while meeting the affordable demand of the urban poor.

2.4.2 Measuring Housing Affordability

Housing affordability is influenced by the level and distribution of home prices, household incomes, and the structure of financing costs (Datta & Jones, 2001). Many researchers (Datta & Jones, 2001; Fieldman, 1997; Linneman & Megbolugbe, 1992) advocate mathematical equations or affordability indices for home ownership in an attempt to summarize the relationship between these variables. Indeed, these affordability indices are widely used by researchers, as well as by public policy-makers and politicians, as indicators of both local market affordability across local markets and of changing housing affordability over time (Linneman & Megbolugbe, 1992). Most affordability indices define affordability as a household's ability to qualify for conventional mortgage financing. Needless to say that such qualification is associated with formal recognition by the formal mortgage finance system. Recognition of such qualification, therefore, is considered one of the principal determinants for affordable houses. Mortgage financing remains the most common practice and for most households, affordability depends on obtaining this (ibid.).

The second broad category of indices encompasses market measures of housing affordability that can be divided into two subcategories. Linneman and Megbolugbe (1992) provide demand-supply insights accordingly, describing those subcategories as: i) the share of houses within a specific market that a typical household can afford; and ii) the share of households

that can afford a typical house within a particular market. In addition to this, Burke (2004) categorizes measures for housing affordability as presented in table 2.4.2a.

Table 2.4.2a Affordability measures

| |
|--|
| <i>i. Housing Costs as percentage of income</i> |
| <i>ii. After Housing Poverty Line:</i> Number and percentage that fall below poverty line or budget standard after meeting housing costs |
| <i>iii. Threshold Income:</i> i.e., income required to purchase property in designated rent or price range, median price |
| <i>iv. Housing Market Affordability Target:</i> e.g., what priced house can be put into an area for people whose incomes are less than 75 percent of the median income |

(Source: Compiled from Burke, 2004)

Among the above measures, the first is not difficult to estimate along with the 25-30 percent criterion for house affordability. DiPasquale (1999) argues that conventional views of affordability fail to discern cases of high price-to-income ratios or expenditure shares that result simply from changing tastes for housing amenities that are rooted in the tradeoff between housing amenities and the share of housing expenditure. But the lack of a basic level of housing amenities at the level of affordability of the urban poor is one of the concerns of this study. The discussion is also centered on the types of income that should be considered for housing affordability i.e., whether housing affordability is based on ‘permanent’ or ‘transitory’ income. Linneman and Megbolugbe (1992) mention that permanent income is associated with housing consumption, while tenure choice is related to transitory income. It is commonly known that the urban poor in Dhaka have a number of income sources contributing to their overall income, which is a combination of permanent (regular) and transitory income. It might, however, be cumbersome to discern the contribution of permanent and transitory incomes to overall housing expenditure.

2.4.3 Housing Finance in Developing Countries – An Exploration

This section explores the various financial impediments the urban poor face in seeking access to formal financial institutions. I draw from financial perspectives both from developed and developing worlds in order to offer a comparative picture concerning access to formal financial services. The main goal of this section is to seek to understand the obstacles embedded in allowing access to housing financial institutions in developing countries. This section also demonstrates the limitations interwoven within various financial mechanisms.

Access to Formal Financing Institutions

The formal financial sector is reluctant to serve the low-income sector despite increasing expectations for them to play a very significant role in financing the down market (UN-HABITAT, 2008). While advocating social business, which is based on no loss and no profit principles, Yunus (2008) strongly criticizes the requirements for loans such as credit history, collateral, etc., set by the conventional mortgage financing system. However, this is not only the case in developing world but also in the developed (ibid.). UN-HABITAT (2008) reports a number of principal barriers which exclude poor populations from the formal financial markets and that make the formal financial institutions unable to provide any financial support to the low-income people. According to UN-HABITAT (2008) and Yunus (2008), these are as follows:

- i. the poor are required to have bank accounts with minimum deposits, to discourage small, regular deposit from poor clients;
- ii. formal institutions charge high fees;
- iii. the poor do not have formal legal titles to provide collateral security as required by formal financial institutions;
- iv. the poor do not have capacity to make monthly repayment over a long period of time; and
- v. the poor often do not have employment in formal institutions.

In most developing countries, there are no definitive private property rights that are regarded as the pre-conditions for any effective property market and its operation (Durand-Lasserve & Royston, 2002). This is the case in the formal housing market, but in informal housing there is no document certifying land title or tenure security. Therefore, most of the informal settlements are under constant threat of eviction – a situation which is illustrated in chapter six with reference to Dhaka. Beside this, there are a number of complexities involved in the legal process. In many developing countries people are required to undergo an extremely tedious process to legalize their land plots and housing units, or to obtain legal titles for their properties (UN-HABITAT, 2008). Table 2.4.3a offers detail on the duration of the period required to acquire land titles, and on the number of procedures that are needed for selected developing countries - the Philippines, Peru, and Egypt. Hoek-Smit (1998) states that, compared to other developing countries, the legal process for land titling, registration, etc. in Bangladesh has been eased and times required in this process are much shorter (maximum 1 year). But time length can considerably increase (up to 10 to 12 years) if any litigation or disputation is found (ibid.).

Table 2.4.3a Typical duration and steps involved in land title and registration process

| Countries | Required time | Number of required procedures |
|-------------|-----------------------|---|
| Peru | 6 years and 11 months | 728 procedures |
| Philippines | 13-25 years | 53 public and private agencies involved |
| Egypt | - | 77 procedures |

(Source: Compiled from UN-HABITAT, 2008)

Table 2.4.3a reflects the challenging nature of legal titles and transactions in some developing countries. The extreme difficulties involved in the delivery and transfer of legal titles make it harder to use land and housing property as collateral for access to loans. This phenomenon leads to the discussion set out in the next section, which illustrates the collateral requirements and status of the financial market.

High Collateral and Credit Markets

Most of the commercial banks in developing countries do not offer home loans to individuals and specifically not to low-income populations. When they do, they often impose more requirements than lending (UN-HABITAT, 2008). High collateral requirements for home loans are another barrier for borrowers. In this regard, UN-HABITAT (2008) offers an example from Tanzania where, in a state-owned bank, collateral requirements for home loans exceeded 180 percent of loan amounts, while the maximum ratio of loans to value was only 65 percent. These harsh conditions preclude most potential borrowers (i.e., the poor) from obtaining loans. Besides strict requirements regarding collateral, the absence of robust credit markets is another significant impediment to solving housing problems for the poor (UN-HABITAT, 2008).

Asset-Liability Mismatch and Lack of Long-Term Credit

Bangladesh has a low level of domestic credit, but even when credit is available, loans must often be repaid in a very short time period (Rahman, 2008; Hoek-Smit, 1998). This is one of the major barriers once people are given access to credit service. A detailed financial scheme in commercial banks in Bangladesh is analyzed in section 7.2 (Financing low-income urban housing: A barrier?) along with the barriers entailed by the conventional regulatory framework. However, in many developing countries, the longest available timeframe for loans is three to five years (Hoek-Smit, 1998). This is not the case in many developing countries. In Tanzania, for instance, a women's group had reached an agreement with a commercial bank on the provision of 10-15 year home loans; but eventually the bank cancelled the agreement and reduced the maturity to 3 years, which was the longest term the bank could offer in 2005 (UN-HABITAT, 2008). This contrasts with the many realities in developed countries where 10-40 years is the period for maturity (Rahman, 2008); but again, this goes back to the question of who benefits from credit support having such long maturity periods. The answer is that people who are only eligible to fulfil the aforementioned criteria, and they at least do not belong to low-income populations.

On one hand, short repayment periods prevent most families from being able to generate enough income to meet repayment requirements. On the other hand, the lending policies of the mortgage finance sector in many developing countries are also affected by economic instability (UN-HABITAT, 2008; US Congressional Budget Office, 2001). This further contributes to a lack of availability of long-term credit. If so, then how can the economy of a country remain stabilized when it blocks a large portion of the population, who are poor, from taking part in the financial system? Could it be that economic stability of a country inversely correlates with the poor's access to that country's economic system? Chapter eleven presents further analysis of these issues.

High Costs of Lending to the Poor

According to the perceptions of conventional commercial banks, the risk of credit is higher with the poor, as their circumstances are much more likely to change over time than any other segment of the population (Yunus, 2008). The amount they borrow tends to be relatively small, maturities are short, and transactions costs are higher. In many instances, agents collect repayments from a customer's home, which further contributes to high lending costs (UN-HABITAT, 2008). The formal banking sector, therefore, is reluctant to enter this market. But they disregard the potential for these people to be clients. Grameen Bank, perhaps, is one of the most glaring examples of a bank whose one and only market is centred on the poor people (as clients) living in the rural areas and which has the lowest operating cost (Grameen Bank, 2009).

2.5 Social Business: Business in its Humane Form

2.5.1 What is a Social Business?

“Social business is a conjunction of development, economics and human rights.”
(Associate Director at the Centre for the Study of Human Rights, while introducing Professor Yunus at his lecture on social business at SIPA (School of International and Public Affairs) Columbia University, US, January 27, 2009a (<http://www.youtube.com/watch?v=JKDGDUw8RFA>))

While talking about capitalism and the free market economy, which fail to meet the basic demand of grater populations of the society, Yunus (2008) asks: “What is wrong? In a world where the ideology of free enterprise has no real challenger, why have free markets failed to benefit so many people? As some nations march toward ever greater prosperity, why has so much of the world been left behind?” Yunus (2008) addresses these questions in a simple way, posing that:

“...unfettered markets in their current form are not meant to solve social problems and instead may actually exacerbate poverty, disease, pollution, corruption, crime, and inequality” (Yunus, 2008, p.5).

Yunus, a professor of economics, favours a free market economy and he has argued as to how it can benefit the world’s most neglected people i.e., the very poor who are not factored in when economists and business people speak about the market (Bunting, 2008). Despite poor practices and their negative outcomes, Yunus (2008) thinks the free market mechanism could address problems like global poverty and environmental degradation, but *not* if it must cater solely and relentlessly to the financial goals of its richest stakeholders. Here emerges the concept of social business, which leads to the next section, which explores the power of the concept to benefit the poor people. Recognizing the fact of both local and national governments’ inability to provide basic social services such as housing, safe drinking water, sanitation, etc., Yunus (2008) emphasizes the role of social business, in both formal and informal spheres, in addressing long-lasting societal problems.

Social business has been addressed as business in its humane form due to the fact that it is driven by very different principles than traditional contemporary business—where the principal motive is profit maximization. This approach is not merely charity, but a business model dedicated to addressing long-term urban and rural problems faced by the poor, and the need to find affordable solutions. The key driving force of this business is supplying affordable products that low-income people are seriously in need of to that targeted group (e.g., supplying basic needs). The main principle of social business is no-profit, no-dividend; profits remain in the business and social business needs to recover its full costs to achieve self-sustainability and at the same time to achieve its social objectives (Yunus & Moingeon, 2009). Another welfare-devoted approach and organization used to address societal problems is the non-governmental organization (NGO), but the operation of these differs from social business. NGOs do not recover total operating costs from their operations. Hence, they are bound to devote part of their money and effort to raise funds from national or international donors. Social business, on the other hand, is a new form of business that exists between a profit-maximizing and a non-profit organization (Yunus & Moingeon, 2009). Yunus and Moingeon (2009) shed light on a comparative view of social business with conventional profit-maximizing business and non-profit organizations through the model depicted in figure 2.5.1a.

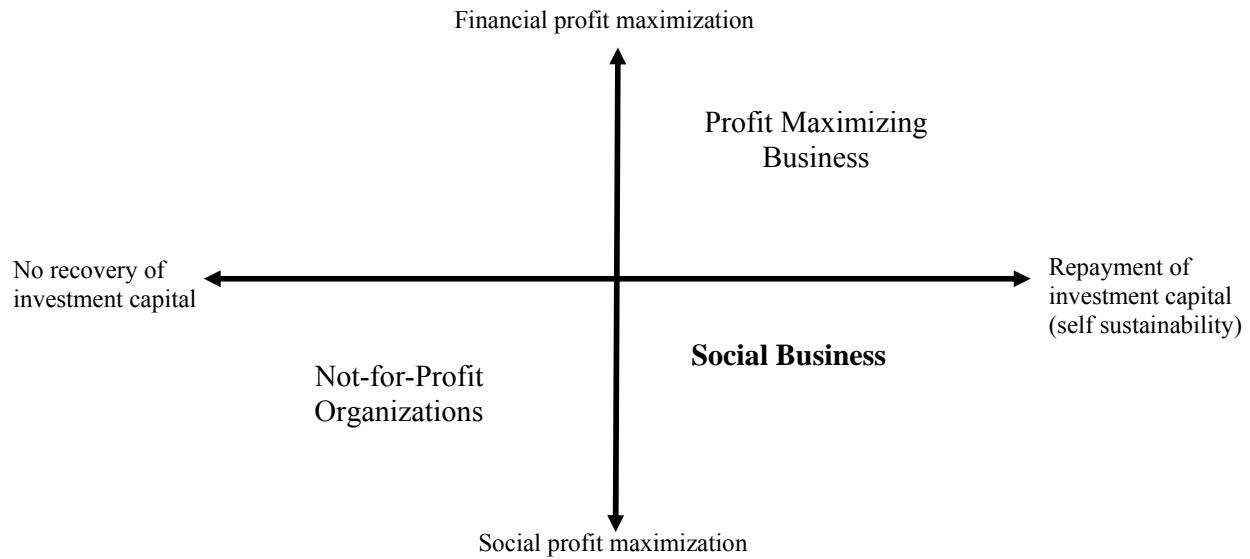


Figure 2.5.1a Social business versus profit maximizing business and not-for-profit organizations
 (Source: Yunus and Moingeon, 2009, p. 23)

Like Yunus (2008), many scholars (e.g., Lindahl, 2005; Porteous, 2004, etc.) have criticized the pro-poor growth approach, as it misses the real issue of growth and development. The aim of policy makers is obviously to generate an economy that includes the poor as an integral part, but in the pro-poor approach, the poor become merely ‘objects’. In this framework, policy makers miss the potential of the poor and the way they make their livelihoods, particularly with respect to poor women and the children of poor families; the policy makers cannot see the poor as independent actors or clients in the market where the poor can be self-employed entrepreneurs and create jobs for others (Yunus, 2008).

Humans have multi-dimensional capacities and Yunus has demonstrated that the poor can be credit-worthy and able to help themselves to get out from poverty and other socio-economic ills thus improve their lives (Bunting, 2008). Contrary to this, poor populations are generally not considered members in formal institutions (e.g., the housing market). This picture probably not only exists in Dhaka but also all over the country. Within the capitalist structure, profit-oriented organizations such as real estate companies, etc. overwhelmingly target only a small segment of populations (i.e., a wealthy class) and preclude a large portion of the population (i.e., urban poor) from benefiting – as Yunus advocates “... we must come up with new ways to recognize a person by his or her own worth, not by artificial measuring sticks imposed by a biased system” (2008, p. 49).

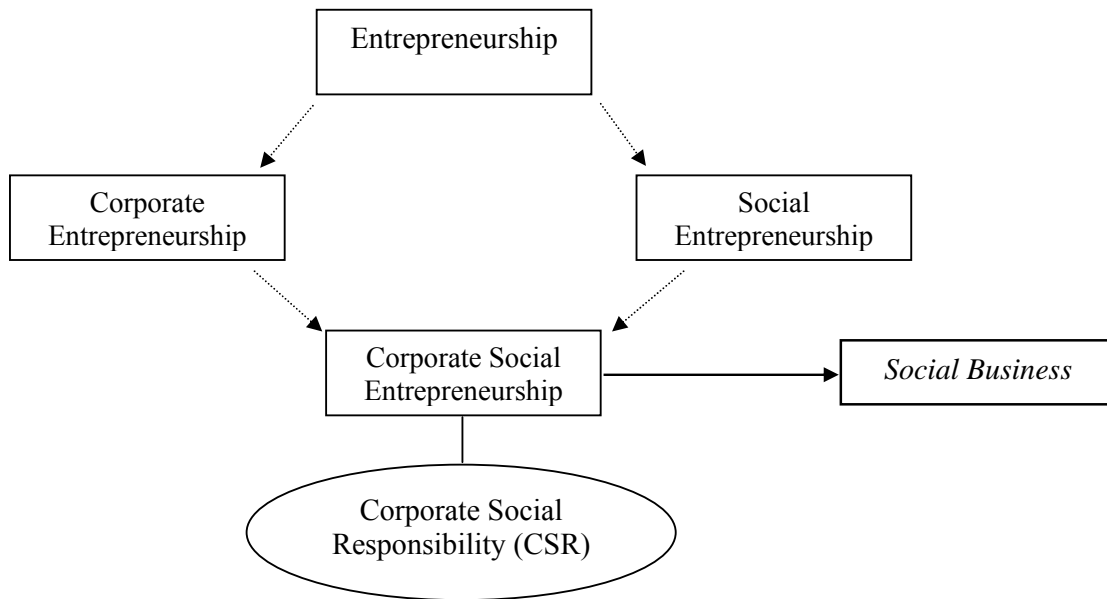
2.5.2 Social Business: A New Bottle or New Wine?

Working with the conventional market mechanism, social business is a new type of business designed to meet social welfare (Bunting, 2008). During the 1990s, the concept of social entrepreneurship (SE) began to integrate commercial entrepreneurship approaches into the management of non-profit and other social-purpose organizations, through a particular emphasis on creating earned income activities that advance the social mission of the non-

profits (James et al., 2005). In corporate social entrepreneurship (CSE)³, there is a question of whether it is possible to combine two opposing doctrines i.e., profit maximization and social welfare maximization, in one business. In practice, it is a cumbersome task to balance such opposite credos and hence to combine them in one hybrid entity (Yunus, 2009b). On one hand, success might be jeopardized to the extent of whether it will be judged based on the monetary value the organization earns for the investors or on the basis of the social goals it achieves. On the other hand, there is a risk that such hybrid business might gradually be inched toward profit maximization goals (Yunus, 2008). Yunus (2008) asserts that when extending this effort to a more humane form, social business has emerged as a new paradigm in the discussion of development, economics, and human rights. Figure 2.5.2a provides a conceptual diagram of the evolution of social business from purely business tenets to a more humane form. The aim here is not to describe the details of the evolution of social business, but to present insight into the changing nature of business dogma in relation to unmet basic needs. James et al. (2005) devise the evolving steps and chronology of business dogma until CSE (see figure 2.5.2a), which Yunus (2008) advances this to a platform where creative social business remains unexplored in its humane form.

In practice, through a range of organizations doing contemporary market-oriented business with commercial and social welfare goals, the boundary has become blurred (James et al., 2005) and business eventually leans towards profit maximization with little focus on social welfare (Yunus & Moingeon, 2009; Yunus, 2008). Yunus argues that capitalism rigidly differentiates between companies pursuing profit and charity pursuing good (Bunting, 2008). This is due to the fact that capitalism suffers from a ‘conceptualization failure’: it fails to capture the essence of what it is to be human (ibid.). To clarify, according to the conventional doctrine of capitalism, the human being is considered a mono-dimension being dedicated to a profit-maximizing mission and is supported by other similar mono-dimensional beings. But Yunus (2008) considers human beings with multi-dimensions who travel beyond the one-dimensional horizon of capitalism. Concepts offered in social business are not there in an attempt to design a new system, but to utilize the powers of the market in a new way.

³ Corporate social responsibility (CSR) is an integral part of CSE, which takes two basic forms- i) weak CSR that has the credo: do no harm to people or planet unless that means sacrificing profit; and ii) strong CSR which advocates doing good for people and the planet as long as you can do so without sacrificing profit (Yunus, 2008).



Process of...

...extending the organization's domains of competence and corresponding opportunity set
 ...through an innovative leverage of resources both within and outside its control
 ...aimed at the simultaneous creation of economic and social value
 ...leading towards social business as refined approach to address and solve long-lasting social problems

Figure 2.5.2a Emerging path towards social business (adapted and revised from James et al., 2005, p. 239)

To make the structure of capitalism complete, it is necessary to introduce another kind of business called social business (Bylund & Mondelli, 2009). It is assumed that entrepreneurs set up social businesses not to achieve limited financial goals, but to pursue social goals; establishing a business that is totally dedicated to solving social and environmental problems - a business that is cause-driven rather than profit-driven, with the potential to act as a change agent for the world (Yunus, 2008).

As opposed to CSR, social business is not a charity; it has to rather recover its full operating cost while achieving its social objectives. This business proposes a form of triangulation consisting of the innovative and risk-taking approach of business combined with the social objectives of a charity (Bunting, 2008). Bunting (2008) asserts that in social business Yunus has combined both idealism and pragmatism and, hence, his influence raises the game in the following way,

- i) all profit must be recycled into the business to expand it, no fudges with 'double bottom lines' where people try to make money while doing good.

Companies have a long tradition of contributing to charities and community betterment, but the recent push is to reinvent their approaches and actions in a social realm (James et al., 2005). Yunus discusses Warren Buffet's donation of USD 31 billion in shares to the Gates Foundation by pointing out that he could have set up a social business to fund health insurance for the 47 million in the US who are currently without insurance coverage (Bunting,

2008); and there are more like him. When running a social business, people think and work differently than when running a charity (Yunus & Moingeon, 2009).

It could be said that social business resembles the conventional profit-maximizing business concept, except for the parts related to competition and business dictum. Bylund and Mondelli (2009) argue that it is not clear how the performance of a social business can be measured without considering monetary profit. Yunus and Moingeon (2009) reply that the number of poor people who benefit from a particular social business could be one determinant for measuring the performance of that business. It might take some years to measure the true breadth and width of the effects of social business. But social businesses in Bangladesh have already targeted deep-rooted and everyday problems (e.g., malnutrition, pure drinking water, malaria, etc.) and hence have benefited low-income people. A social investor wants to know how well the company is performing in solving the social problems (Yunus, 2008).

Nevertheless, Yunus does not clarify but rather only hints at a few interrelated and challenging issues of social business, such as the type of institutional settings, regulations, and infrastructure supports needed from the government side. He does not elaborate on the nature and type of obstacles in obtaining those supports (Bylund & Mondelli, 2009). The existing socio-economic needs of a society would determine the possible type of social business. A number of important questions pertaining to incentives for potential investors in social business could be posed: Where will the money for social business come from? Why should anybody in his 'right mind' invest his hard-earned money in something that yields no financial return? There are numerous multi-millionaires who donate their hard-earned money to create foundations and to support charities (Yunus & Moingeon, 2009). Instead of donating to charity, people could be more interested in investing in social businesses where they are able to get their money back and retain the ownership of a company that supports itself through earned income (Yunus, 2008, p. 168).

Social business is a relatively new concept. Hence some time will be needed to observe the impacts of it in addressing a wide range of social problems (Bylund & Mondelli, 2009). Grameen Bank, in cooperation with a number of multinational companies, has already started a number of social businesses in Bangladesh addressing various needs of poor populations in compliance with their financial affordability. Chapter eight offers examples of a few social businesses and their practices in Bangladesh with respect to various needs of the poor. Those examples show that there are a number of international investors (e.g., Danone, BASF, Veolia, etc.) who have already shown interest in various businesses and some (e.g., Intel, Adidas, etc.) who are more willing to start social business addressing other societal problems. Looking at the existing social business practices, it might be possible to say that there are no potential problems in applying this concept. Another intriguing question relates to obstacles to changing the present system of welfare provision. Among others, a Grameen-Danone joint venture social business for multi-nutrient yoghurt reveals that they are able to supply affordable and vitamin-enriched yoghurt to low-income people in conjunction with the government's own programs for health and nutrition for infants and children. This indicates that there is no resistance from the government side: rather social businesses are encouraged, which is reflected in the expansion of its horizons (e.g., safe drinking water, malaria prevention, etc.).

2.6 Summary of Theories and Concepts

Perspectives on organizational change have shed light on the prospects, obstacles, and the entire change process applicable to the housing organizations of Dhaka. Kotter's (1996) organizational change process has been analyzed in order to examine the modifications required in housing organizations in Dhaka for affordable low-income housing provision.

Local governance was discussed in this chapter in order to identify and understand the different resources at stake for the various housing actors at different levels. Deliberative dialogue is considered to be the ideal platform to understand properly such resources. Ideas about partnerships provide insights into how those resources could be used in a proper manner to produce affordable houses for the urban poor.

Different types and nature of urban land tenure security in the informal housing sector were reviewed in order to examine the nature and type of land tenure security that might be suitable for the urban poor living in the slums of Dhaka. Discussion of the conventional definition and measures of housing affordability explored the status of low-income people's current affordability for houses. Impediments in housing finance were explored in the developing country context in order to examine the formal housing finance in Dhaka and embodied impediments to financing low-income housing.

The principles of social business are applied in this study in order to examine their possible implications for providing affordable houses to the low-income people in Dhaka. The tenets of social business indicate the possible role and responsibilities of the vested housing actors in providing low-income housing.

CHAPTER THREE: RESEARCH METHODOLOGY

Research methods have been defined as tools to be used for addressing specific questions and for undertaking, solving, etc., diverse scientific and empirical problems (Blaxter et al., 2006). Yin (1994) notes that there are several different ways of collecting and analyzing empirical evidence in order to achieve a desired output, but this does not mean that the boundaries between strategies are always clear.

A thought-provoking issue that is particular to the study of different urban phenomena (such as housing, the object of this study) is whether emphasis should be placed on the social and economic reality, or on the physical or material reality. or on a combination of these. Cities do not live in their own right but rather through human beings, whose shelter and home they are (Nevanlinna, 1996). Nevanlinna argues that the traditional approach of social science studies in which the city has been perceived as a 'given' with little significance to the social sphere, denies the mutual interdependence and interaction of social and spatial realities. This study emphasizes the interrelatedness of the social sphere (e.g., the true financial capability of low-income populations) and spatial realities (e.g., cost of houses, housing market), and their mutual benefits.

3.1 Methods: Qualitative and Quantitative

This study employs a combination of qualitative and quantitative methods. A case study is defined as an empirical inquiry that investigates a phenomenon within its real life context, and can constitute a mix of qualitative and quantitative evidence (Yin, 2009; Stake, 1995). Both qualitative and quantitative approaches provide evidence that is necessary to complement and strengthen one another. I detail my arguments for the choice of these methods at the end of this section.

3.1.1 Qualitative Method

Qualitative research uses a naturalistic approach that seeks to understand phenomena in a context-specific setting - a "...real world setting where the researcher does not attempt to manipulate the phenomenon of interest" (Patton, 2002, p. 39). To broaden the horizon, qualitative research implies "...any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification" (Strauss and Corbin, 1998, p. 17) and instead describes the kind of research that produces findings arrived at from investigating real-world settings where the 'phenomenon of interest unfolds naturally' (Patton, 2002). This method is concerned with how the world is viewed, constructed, and experienced by different vested actors. It provides access to the motives, aspirations, and power relationships that exist in a societal context and that account for how people, places, and events are represented. These are flexible methods of data collection that can be made to suit any society and enable the researcher to thoroughly understand the context of the society (Mikkelsen, 1995). Qualitative researchers seek the illumination, understanding, and extrapolation of different situations (Hoepfl, 1997).

Qualitative analysis results in a different type of knowledge than quantitative inquiry, because one party argues from the underlying philosophical nature of each paradigm, enjoying detailed interviewing; and the other focuses on the apparent compatibility of the research methods, 'enjoying the rewards of both numbers and words' (Glesne & Peshkin, 1992). It has been claimed by Winter (2000) that quantitative researchers attempt to disassociate

themselves as much as possible from the research process, and that qualitative researchers have come to embrace their involvement and role within the research. Patton (2002) supports the notion of the researcher's involvement and immersion in the research by discussing the fact that the real world is subject to change. However, both qualitative and quantitative researchers need to test and demonstrate that their studies are credible. While the credibility in quantitative research depends on the construction of an instrument; in qualitative research, the researcher him/herself is the instrument (Patton, 2002).

3.1.2 Quantitative Method

Researchers who use logical positivism or quantitative research employ experimental methods and quantitative measures to answer central research question (e.g., hypothetical generalizations) (Hoepfl, 1997). They also emphasize the measurement and analysis of causal relationships between variables (Denzin & Lincoln, 1998).

Quantitative research allows the researcher to familiarize him/herself with the main problem to be studied, by generating central question or hypotheses to be answered or tested. Generally, quantitative research is supported by the positivist or scientific paradigm, a paradigm that leads us to regard the world as made up of observable and measurable facts. There is an assumption that social facts have an objective reality. Identification of variables and measuring relationships among these variables may be problematic (Glesne & Peshkin, 1992), however one may perceive measurement as necessarily objective, quantitative, and statistically relevant (Crocker & Algina, 1986).

A quantitative researcher attempts to fragment and delimit phenomena into measurable or common categories that can be applied to other, similar, situations (Winter, 2000). In these attempts, the researcher's methods involve the use of standardized measures so that the varying perspectives and experiences of people can fit into a limited number of predetermined response categories to which numbers are assigned (Patton, 2002). Thus, a quantitative researcher needs to construct an instrument to be administered in a standardized manner according to predetermined procedures. But the question remains as to whether the instrument measures what it is supposed to measure. Hence, devising a test (Crocker & Algina, 1986) of the validity of an instrument forms a focus, the significance of which is to ensure the replicability of the result.

In social science research, there is an adequate amount of research evidence to support either quantitative or qualitative or both research methods being used. Depending upon the strengths and weaknesses of these methods, arguments arise over the justification of using qualitative, quantitative, or both methods in social science research. Different methods have particular areas of strength and, hence, they draw from different forms of reasonable materials. Therefore, the selection of methods should be guided by the substance of the research questions, not the other way around. As put by Kvale:

“...qualitative and quantitative methods are tools and their utility depends on their power to bear upon the research questions asked” (Kvale, 1996, p. 69).

As such, the appropriate methods for a research project depend on the objectives of the study, the research questions set, and on the nature of study within a specific context. Both these methods have different types of power to generate information and they are regarded as complementary to each other – not competitive – in generating scientific knowledge (Siyoum,

2005). The main difference between qualitative and quantitative forms of knowledge lie in the fact that qualitative research method is concerned with ‘understanding human behavior’ from the perspective of the particular people involved, while quantitative research is mainly interested in ‘discovering facts about social phenomena’ (Furze et al., 1996). Denzin & Lincoln (1998) provide a different perspective on the fact that qualitative methods are useful when one looks into a problem deeply and quantitative method is useful when one wants to look into the problem widely.

This study is a combination of qualitative and quantitative methods, though major emphasis is given to the qualitative domain. For this study, I have used a semi-structured questionnaire for the low-income people living in the study area i.e., Jhilpar slum. One of the main purposes of a face-to-face questionnaire survey is to collect quantitative information on selected facts, including the average portion of respondent’s income being spent on house rent, house maintenance, and bills for electricity and water; as well as the average rate of return from cooperative business (i.e., micro social entrepreneurship); etc. This information develops and strengthens argumentation for the financial ability of the urban poor to access affordable housing. When interpreting and analyzing the questionnaires, descriptive statistics were used partially to overcome some limitations of qualitative methods of analysis and partly to properly describe some important aspects of the study, such as income-to-house-rent, choice variables to determine the Jhilpar slum as place of residence, etc. On several occasions a number of interviews were conducted to collect (qualitative) information on a number of pragmatic issues (a list of organizations interviewed is shown in table 3.3.1a). These issues included the existing form and practice of land tenure security or rights in the slums; existing basic services in the slums; the adequacy of and pricing policy for those services; the target beneficiaries of housing and land projects by private real estate and public agencies; the institutional barriers for the slum dwellers to access formal financial services (e.g., housing loans); etc. Interviews with professionals from public and private housing agencies generated reflections in the forms of views, opinions, explanation, perceptions, etc. Detailed findings from the interviews and the survey are described in chapter nine (*Empirical findings of the study*).

3.2 Case Study Research

In order to develop policy directives for low-income affordable houses, this study is concerned about a number of issues pertaining to land tenure security, national housing plans and policies, formal financial institutions, and the housing market and its private and public gatekeepers, etc. However, the true nature of the level of housing affordability of the urban poor (which is unknown in the formal housing sector and which has the potential to provide low-income people with access to the formal housing market), as well as the ways in which the poor reach such affordability levels (primarily with regard to housing and ancillary services), are either beyond the knowledge of formal institutions, or formal institutions are unaware of such facts. To properly understand the low-income people’s financial strength with respect to affordable housing (and other pertinent issues surrounding it), the case study approach is chosen.

Yin (2009) suggests that researchers should decide whether to do single-case or multiple-case studies, depending upon the nature of study. Jhilpar slum⁴, in the Mirpur residential area of Dhaka city, is selected as a single case. This area is inhabited by a low-income population and

⁴ Chapter four, however, describes details about the study area within the housing context of Dhaka city.

though Jhilpar slum has been developed on publicly owned land, it is taken as a general case because major features of Dhaka's slums, either private or public owned, are alike when it comes to housing as a basic need (Islam et al., 2006). This case study aims at developing argumentation for policy directives to achieve decent houses at the affordability level of low-income people.

Comparing case studies with other research strategies, Yin (1994) mentions that

“...the case study is but one of several ways of doing social science research. Other ways include experiments, surveys, histories, and the analysis of archival information. Each strategy has peculiar advantages and disadvantages, depending upon i) the type of research question; ii) the control an investigator has over actual behavioural events; and iii) the focus on contemporary as opposed to historical phenomenon” (p.1).

In his answer to the question when and why a researcher should select the case study strategy, Yin (1994) continues,

“...in general, case studies are the preferred strategy when ‘how’ or ‘why’ questions are being posed, when the investigator has little control over events, and when the focus is on contemporary phenomenon within some real-life context” (p.1).

Another quality of the case study method is that it provides the opportunity for the investigation to apply a range of data collection techniques and use evidence from multiple sources, such as pertinent research fronts, archival records of different issues of interest, self-observation, and organizational interviews and questionnaire survey.

3.2.1 Sampling Technique

Sampling is known to be one of the scientific ways to draw inference about a population of interest without studying the entire population (Lohr, 1999). Depending upon the nature of the population and the study context, a thoughtful design of the sample size and correct selection of sampling method is important to be able to collect suitable information required for the study. Selection of a sampling method depends on number of factors including the study design, the nature of the population and information, the availability of sampling frames, costs, etc. (Babbie, 2004).

Considering the resources, time, and nature (e.g., homogeneity/heterogeneity) of the population (i.e., slum inhabitants), an appropriate sample size was taken for conducting a semi-structured questionnaire survey, which best describes the population under this study. In this case study, the individual household was taken as the main unit of sampling. Three different types of households were identified, in accordance with the main breadwinner of each household, namely: ‘male-headed’, ‘female-headed’, and ‘composite’ households. In composite households, members from the same family, close relatives or kin, or persons from the same geographic origin live together and share their daily necessities and expenditures (Islam et al., 2006). In such a typology, typically a senior member takes the charge of the household and each member shares more or less equal amounts of money for regular expenditure on food, housing, and other costs. Given the nature of the households, a non-random judgmental sampling technique was chosen for conducting the semi-structured questionnaire survey. Through this technique, sampling units are chosen based on the researcher's judgement as to which units will be the most sensible and appropriate (Babbie, 2004).

My prior knowledge regarding the study area and the nature of households helped in the selection of sampling techniques and the sample size for this study. A total of 100 households are surveyed, which are proportionately distributed across the three categories of households. For the questionnaire survey, the informant also helped me to select families headed by male, female, and compositions of others. In the slums of Dhaka city, male-headed households are the most prevalent category followed by female-headed and composite households (Islam, 1996). In this study, the sample size is determined in proportion to the number of households in each category, as presented in table 3.2.1a.

Table 3.2.1a Distribution of sample size according to the nature of household

| Household | Sample size |
|-------------------------|-------------|
| Male headed household | 50 |
| Female headed household | 35 |
| Composite household | 15 |
| Total | 100 |

Before the final administration of the questionnaire survey (which I administered), a semi-structured questionnaire was prepared for pre-testing to effectively uncover any peculiar defects in the questionnaire. I conducted pre-testing of questionnaire on 10 families and then, based on the nature of their responses, some parts of the questions were adjusted and modified in order to obtain proper information from the respondents. There are some distinctive advantages of a semi-structured questionnaire, which provides flexibility to the respondents to skip to another question if he/she doesn't have interest or knowledge about a particular question. In a semi-structured interview it is also permissible to ask supplementary questions (Zikmund, 2003). During the survey, supplementary questions helped me to obtain more information on specific areas of subject matter.

The time chosen to conduct the questionnaire survey is important as I had to look for the spare time of the respondents i.e., heads of the households. Throughout the week (from Saturday to Thursday and part of Fridays), household heads remain occupied in their jobs. Even on Friday, considered a weekly holiday, they are busy during the first half of the day. Friday afternoon and evening (i.e., from approximately 2 pm to 6 pm) was the only free time that the family heads could manage to be available for interviews. Most of the inhabitants in Jhilpar slum are Muslims and they at least try to attend 'Jummah' prayer⁵ on Friday afternoon. Irrespective of income status, it is a common family practice to take lunch with all the members after 'Jummah' prayer. Considering this, I had to sort out a time when they finish family meals. In this way, each week I was able to conduct surveys on 7 to 8 households, as each survey took 30 to 35 minutes to accomplish. In total, I spent 3 months surveying these 100 households.

For qualitative sampling related to administering organizational interviews, the basis for selecting particular public and private housing agencies in Dhaka was the association and their level of involvement in the housing processes.

3.2.2 Selection of the Study Area

Being both a mega and prime city, Dhaka has been experiencing unprecedented rates of urbanization, and the government has been unable to cope with this situation (Rahman, 2008).

⁵ The weekly largest prayer for the Muslim populations.

The housing crisis, especially for the urban poor, has emerged as one of the outcomes of government's inability and is one of the most persistent problems and challenges for the government. In concert with the objectives of this study, Jhilpar slum has been selected as a general case of public-owned slums in Dhaka city.

3.2.3 Generalization from the Case Study

Case study research is often called into question with regard to the possibility of generalization from a single case, or the extent to which results from one case can be applied in contexts other than that investigated. Yin (1994) draws an analogy between scientific experiment and the case study method and argues that in both cases the investigator's goal is to expand and generalize theories. According to Yin (1994),

“...scientific facts are rarely based on single experiments; they are usually based on a multiple set of experiments, which have replicated the same phenomenon under different conditions. The same approach can be used with multiple case studies... the short answer is that case studies, like experiments, are generalizable to theoretical positions and are not to populations or universe. In this sense, case study, like the experiment, doesn't represent a sample, and the investigator's goal is to expand and generalize theories (analytical generalization)” (p. 10).

Case study research, therefore, does not represent a sample and the researcher's goal is not to enumerate frequencies (as, for instance, in statistical generalization) but to expand and generalize theories. Flyvbjerg (2006) argues that rather a case study could constitute a single experiment. Generalization on the basis of a single case may be crucial to the growth of scientific knowledge. Formal generalization may be overvalued as a source of scientific development at the same time as the power of a good example may be underestimated (Flyvbjerg, 2001 in von Sydow, 2004). The research report, however, must specify everything that the reader needs to know to be able to understand the results and make informed judgement as to how far the findings may be extended (Mikkelsen, 2005).

The strategic selection of a case might allow one to generalize (Flyvbjerg, 2006). In the light of the above discussion, the results of Jhilpar case study must be seen in a specific context and it cannot be taken for granted that the results are valid for other planning processes. However the study findings could be generalized to a similar context with perhaps little adjustment or modification. Conversely, empirical generalizations are of course possible, either as a result of comparison to other case studies or through relating the case to theory (analytical generalization) (Granberg, 2004 and Öhrström, 2004 in von Sydow, 2004).

Mikkelsen (2005) argues that in case studies, generalization must be handled with care and should be related to a theoretical framework that serves as a foundation. This study is tightly intertwined with theories that enhance the power to instrument policies for low-income affordable housing model,

“...the generalizability of case studies can be increased by strategic selection of critical case (s)” (Mikkelsen, 2005, p. 92).

3.3 Data Sources

It is common for researchers to use more than one method to collect information (Blaxter et al., 2006). In this study, multiple sources of data are used to precisely understand the pertinent

issues of housing affordability and then to address research questions to be answered through analysis. This study, hence, is based on the following primary and secondary sources:

| | |
|------------------|---|
| Primary source | Case study (questionnaire survey); interviews with the professionals from private and public housing agencies; direct observations |
| Secondary source | Literature: relevant statistical records produced by different public and private organizations; national daily newspapers (e.g., for photographs); previously conducted studies on housing issues; maps/images from Google Maps and Earth; research reports by various national and international organizations; and assorted other pertinent documents. |

It is worth noting that whilst the data sources vary in their role and relevance throughout the study, they complement each other (Gossaye, 2001).

3.3.1 Primary Data

The primary data collected through the household survey presents information on house rents and other regular expenses for housing, such as maintenance, overall house affordability, existing utilities and services and their costs. Surveys of organizations were also undertaken, the most important of which is the community-based cooperative business known as the Jhilpar Cooperative, which provides simple but innovative ideas for transitory income. Key information relating to: organizational coordination, legal obstacles to access to loan service, existing type and practice of land tenure security, citizenship of the slum inhabitants, etc., was found through the organizational interviews. All this first hand information develops the groundwork to display the urban poor's level of affordability against formally claimed 'unaffordable demand'. To provide a detailed perspective on the issues raised, the questionnaire survey could be followed by interviews (Blaxter et al., 2006). Therefore, two methods (i.e., questionnaire survey and organizational interview) are deliberately used in collecting first hand information.

Questionnaire Survey

A questionnaire is a data-gathering device that elicits from a respondent answers or reactions to pre-arranged questions presented in a specific order (Zikmund, 2003 and Lohr, 1999). Questionnaires are flexible and adaptable to a variety of research designs, populations and purposes. Questionnaire surveys are a form of research whose quality depends on the frankness of the subjects' responses. They need to be designed and implemented carefully so that they provide a genuine reflection of the attitudes and beliefs of a group of people (Brace, 2008).

In this study, I have adopted a judgmental sampling technique⁶ for a face-to-face household survey, administered by me, and have carried it out with the help of an informant-cum-assistant who is an employee of the caretaker office of the Dhaka City Corporation (DCC). Because of his service providing jobs, he is a respected and well-accepted person in the Jhilpar community. As such, his presence helped me to create an environment conducive to administering the questionnaire survey. He also assisted me with interpreting some of the responses, which in the strong local dialect were not easy to understand. He also translated a

⁶ It is a non-random (non-probability) based sampling technique where sample is selected based on the administrator's preconceived knowledge on the sampling units (e.g., households) (Zikmund, 2003).

few questions into the local dialect to help respondents better understand. Being accompanied by the informant-cum-assistant, I was in an advantageous position to talk to community members in an open and informal fashion. Completing the questionnaire was also followed by taking observation notes, and with a tour around the house and surrounding spaces with additional questions regarding what could be observed. In addition, I visited the study area frequently and interacted with the inhabitants. Sometimes they were very eager to take photographs with me, which has given me another opportunity to discuss with them in an informal manner.

Due to the nature of this semi-structured questionnaire, it included both open-ended and closed-ended questions, with open-ended questions enabling respondents to freely express their opinions and views without prejudices (Brace, 2008). Hence, I was able to obtain the required information. Meanwhile, the closed-ended questions made it easier for data analysis and processing factual information, and reduced time consumption.

Interviews

In order to obtain a detailed perspective on the issues entailed in the low-income housing process, face-to-face interviews were carried out. Kvale (1996) asserts that, given that interviews are powerful tools for obtaining ‘knowledge’, the value produced through interviews depends on the context and use of knowledge. The main purpose in conducting organizational interviews was to obtain knowledge about the legal barriers and endogenous challenges for poor people trying to get access to formal housing market and financial institutions in Dhaka city. To do this, a number of people were interviewed from the housing organizations (public and private) below (table 3.3.1a).

Table 3.3.1a List of organizations that the interviews were carried out with

| | | |
|----------------------|---|---|
| Public organization | Care Taker Office under Slum Development Department of Dhaka City Corporation (DCC) | 1 person (Director of Care Taker Office) |
| | Dhaka Development Authority (RAJUK) | 2 persons (Town Planners) |
| | National Housing Authority (NHA) | 1 person ⁷ |
| | Agrani Bank (nationalized commercial bank) | 1 person (Regional Manager of Dhaka region) |
| Private organization | BASIC Bank (semi-nationalized commercial bank) | 1 person (Branch Manager of DCC) |
| | Eastern Housing Ltd. | 1 person (Operative Director) |
| | Sheltech Ltd. | 1 person (Operative Director) |

RAJUK is the prime public agency responsible for housing supply to all income populations and for overall development within the Dhaka metropolitan jurisdiction. Before RAJUK took over, the NHA used to be the leading housing authority. DCC is not a housing provider organization, and its role in housing is limited to providing supporting housing services such as drinking water, drainage facilities, sanitation, etc. It might be asked why, among all of the other financial institutions, the Agrani Bank was selected for interview. The Agrani Bank is a

⁷ Respondent wished to remain anonymous.

pioneering nationalized commercial bank that serves, by constitution, different income populations. In practice, however, housing loans offered by the Agrani Bank are largely limited to a few income-populations. An interview with the manager of the Agrani Bank unveiled that housing loans for low-income people ran against its institutional directives. It is worth mentioning that the house building finance corporation (HBFC) was not selected for interview as its operational mechanism and focus are questionable, and in contradiction with its promised responsibilities. Because of this, perhaps, government drastically reduced financial allocation for its operation (Rahman, 2001).

In the housing market, the role of private developers has become dominant due to the fact that the government has been shifting its role from being only an enabler to a being a provider also. Therefore, two pioneering and large private real estate companies (i.e., Eastern Housing Ltd. and Sheltech Private Ltd.) in Dhaka were selected to be interviewed. Among the commercial banks, the BASIC Bank was chosen and its housing financing scheme and the potential for the low-income people to access such services was studied. This bank operates within the directives of a privatized commercial bank while it is partly owned by the government, which makes it unique. This uniqueness, in fact, was an inducement to select this bank for an organizational interview.

The arrangement of the interviews was made over the telephone or sometimes by personal visit to the persons of the respective organizations. The time and day of the interview were scheduled with consideration convenience and their availability. During the interview, the interviewees were given a chance to answer as freely as possible, but within an allowable limit. The average time length for each interview was around 30-45 minutes per person. To make it a relaxed and comfortable discussion, the answers were not recorded, but short notes were taken on the spot and reports were written in a notebook immediately after the end of each meeting. It is worthwhile to mention that initially I faced problems getting appointments for interviews with the professionals from RAJUK and NHA which forced a delay of a couple of days before appointments were granted. Nevertheless, it would have been even more complex and difficult to schedule interviews without personal acquaintance.

Informant-cum-assistant and Reliability

Informant interviews are meant to obtain special knowledge from selected respondents on matters related to the subject of study (Nichols, 2002). In this study I have rephrased the term informant as informant-cum-assistant because he also helped me to translate⁸. For the questionnaire survey, I used one informant-cum-assistant. Like other investigators it was also a challenge for me to select the informant for the study, as there can always be a possibility that he/she may be a marginal member of the community providing biased or misleading information (Babbie, 2004).

I selected the person based on the fact that he has been working as a staff member of the caretaker office under the Slum Development Department of DCC. He is not a community member but, because of his work, he has a strong attachment to the residents in Jhilpar slum. Selection of the informant is very important because he/she should be someone who not only

⁸ Bengali is the only spoken language in Bangladesh, with strong dialects in the north-east (e.g., Sylhet), and south-east (e.g., Chittagong, Cox's Bazar). But languages in hill tracts and tribal areas (e.g., Bandarban, Khagrachari, Rangamati) are very different from Bengali. People in Jhilpar community are from different parts of the country and most of them speak Bengali with different dialects, many of which are not so easy to understand.

understands the situation, but is also able to think about it. A good informant will be able to express thoughts, feelings, opinions, and his or her perspective on the topic⁹. The informant-cum-assistant is a trusted person in the community as he has been working there for 5 years. This consequently had a profound impact on the reliability of the information.

There are some occasions where the slum inhabitants show frustration towards being repeatedly interviewed. This is because in a number of circumstances many public and private agencies (e.g., DCC, NGOs, research organizations, etc.) have conducted surveys, but no distinctive changes have taken place yet. Notably, during the survey frustration was observed in only one of the respondents' voice,

“...I don't know if I am wasting my time...I can assume that studies of this sort will hardly bring a positive change to us who have been objects of neglect for many years...people are only interested in talking about our problems and they do not come up with practical solutions” (*Respondent: Rahim, 2008*).

This study is concerned about the above citation and hence, about instigating a positive change in their lives.

Direct Observations

Direct observation is a method of gathering information to supplement the information acquired by the other methods. Primarily, the observations are made while administering the questionnaire survey and generally used to understand the social and cultural environment of the people in the community (Siyoum, 2005). During the observation, a camera is used to keep a visual document of the situations in the study area. Direct observation is especially important, as the researcher has a chance to observe things that might reveal crucial aspects of the problem under study. During my several visits to the study area, I noticed that there was good social cohesion among the inhabitants, which I observed in their mutual assistance (e.g., financial or any kind) or in emergency circumstances, such as accidents, sickness, etc. This small but significant solidarity among them can be recognized as one type of social capital within the community (Westlund, 2006).

3.3.2 Secondary Data

To supplement the primary data and to triangulate the study, secondary sources of data were also consulted. Secondary data includes published or unpublished documents collected from various public and private organizations, which are directly or indirectly related to the issues at hand. The most prominent organizational sources of secondary data are RAJUK, NHA and DCC. Different demographic, socio-economic, housing etc. reports for the urban poor in the Dhaka Metropolitan Development Plan (DMDP) jurisdiction are collected from the decadal census reports of the Bangladesh Bureau of Statistics (BBS), from annual reports on slum dwellers by the Center for Urban Studies (CUS), the Local Govt. Engineering Department (LGED), etc. It has not been possible to obtain updated information on a number of issues (e.g., Khas land and how the priority of its distributive mechanism has changed, etc.), which, however, is overcome by means of triangulation and trend analysis, whenever applicable, and the reflections of people on those issues. In general, the necessary information and statistical data for this study are collected from unpublished theses, journal articles, national and international research reports, the internet, and other relevant sources.

⁹ (University of Illinois Extension Service-Office of Program Planning and Assessment, 2000)

3.4 Data Analysis

This study has employed different methods and multiple data sources that require a mixed data analysis approach. In undertaking qualitative analysis, based on empirical data, I have made efforts to understand and correctly interpret the contents of the data.

To make some simple statistical analyses to produce frequencies and other summaries of statistics, as well as the statistical tables, diagrams and graphs of the data generated from questionnaire survey, SPSS software was used. Different online data sources such as Google Earth, Google Maps, were used to generate the maps required for discussion and analysis.

3.5 Combining Induction and Deduction – Abduction

The research process is characterized by mutuality, meaning that the study of theories and concepts inspire the empirical work and, at the same time, the empirical work influences the theories and concepts. Both theories and empirical findings generate new knowledge and thoughts and, as such, both the theoretical work and the descriptions and interpretation of the empirical material have repeatedly been adjusted and reviewed during the research process. Along this line, two types of theories are distinguished - one is 'deductive', whereby theorizing comes before empirical research (grand theory); the other is 'inductive', whereby empirical research comes before the advancement of theory (grounded theory) (May, 1998).

The approach taken by this research holds similarities with the concept of 'abduction', which Alvesson and Skolberg (1994) describe as originating from empirical facts (like induction), but not rejecting theoretical pre-conceptions: consequently abduction is closer to deduction (von Sydow, 2004). The empirical analyses can be combined with existing theory in an attempt to find patterns that can provide a better understanding and deeper knowledge.

3.6 Validity and Reliability

Kirk and Miller (1986), cited in Kitchin and Tate (2000), define 'validity' as the degree to which the empirical findings of a survey are interpreted in a correct way. 'Reliability' refers to whether the same results would be produced by a different researcher or research procedure (Patton, 2002). Validity is also the ability with which the results of a study can be verified against the stated objectives, and is the property of being genuine in exhibiting attitudes and characteristics (Patton, 2002; Gorbich, 1999).

Triangulation is a strategic test for improving the validity and reliability of research findings. Patton (2002) advocates that triangulation strengthens a study by combining methods and approaches (i.e., both quantitative and qualitative). Triangulation ensures objectivity, reliability, and validity in both quantitative and qualitative research (ibid.). Throughout this study I have endeavoured to curb unintentional personal biases and to achieve the most accurate and genuine product. According to Patton (1990), there are a few ways of enhancing reliability and validity: *firstly* through triangulation two or more data sources are used - for instance, a primary source (e.g., organizational interview, questionnaire survey, etc.), and a secondary source (e.g., scientific journals, census data, etc.); *secondly*, through the triangulation method two or more research methods take centre stage – for instance, two or more data-collection methods (e.g., questionnaire survey, interviews, etc.), or two or more data-analysis methods (e.g., text analysis, content analysis, etc.); and *thirdly*, through theoretical triangulation (e.g., change process and obstacles to change, partnerships, etc.),

research material is clarified by starting from different ideas and interpretations to see where the data would fit in.

I have therefore collected information from different sources to address the research questions and believe that this strongly enhances the validity of this study. Qualitative research, often blamed for lacking the tenets of good science, is greatly strengthened by way of triangulation (Decrop, 1999).

Errors or biases produced during the data collection process (e.g., in sampling method), or in the entire research design, might threaten a study's reliability and validity. The bias can be accentuated by different cultural norms and interpretations; language differences; and, if information is obtained through research assistants or interpreters, the filtering of information - which may overshadow sampling errors (Mikkelsen, 1995). I have tried to minimize all possible sources of error in a number of ways. The informant-cum-assistant is well accepted in the Jhilpar community. Moreover, he understands many dialects, which helped me to collect the proper information required for this study and also to discuss the pertinent issues in greater depth. In many ways, these features enhance the reliability and validity of the information. Moreover, before final administration of the questionnaire survey, a set of questionnaires were pre-tested to learn if the sequence, wording, and language of the questions were appropriate in order to obtain the required information. Feedback from such pre-testing helped me to reshape and restructure a number of the questions. As a part of research ethics, I assured respondents of their anonymity and of the confidentiality of the information gathered (for those who asked for it), at the beginning of every interview. This made respondents more willing and open to answer my questions. This, in fact, strengthens the trustworthiness of the data that I collected through the process.

3.7 Limitations of Methodology: *what went wrong and might have been better*

One of the major challenges during the study related to the bureaucracy attached to most of the governmental agencies, which caused unexpected delays. Part of the difficulty lay in getting appointments for interviews with selected personnel at public offices. Consequently, I faced both long queue waits and I also needed to make multiple appointments as on a few occasions appointments were cancelled without prior notification.

Considering the nature and duration of low-income people's jobs, it was necessary to administer questionnaire surveys only on Friday for a limited time - from approximately 2 pm to 6 pm. One of the challenges was therefore to accomplish the questionnaire survey within the designed time span. This resulted in limiting sample size to a moderate number (i.e., 100 households) for the questionnaire survey. Better results may have been obtained if I had more time and resources (e.g., manpower, etc.) for administering questionnaire surveys.

In a few instances, due to the unavailability of recent information, I have had to depend on the available but older research information. In order to ensure validity and enhance reliability, those statistical data were adjusted and extrapolated using trend analysis and the adjusted results were triangulated using knowledge produced by other researchers. However, results produced by such extrapolation methods might not have produced the true picture, despite the fact that the best approaches available were used in facing such problems.

The above limitations might have adversely affected the outcome of the study. I have, however, attempted to overcome these potential limits by being systematic and following the required procedural steps to ensure the most scientifically sound methodology (see figure 3a).

This paper adopts the case study as a research strategy. Though Jhilpar slum is considered to be a general case of slum in Dhaka city, some slum areas might exist without any community-based cooperative business. The question arises in such cases as to whether it would be possible to apply the social business housing model to those areas? This study shows the innovative practices of low-income populations in becoming involved in micro-entrepreneurship and community-based businesses, practices that have become an integral part of their livelihoods. Even if they are not currently engaged in community-based cooperative business, this study suggests they have high a potential to engage in such businesses, which usually derive from a survival and livelihood strategy and are generated from the sense of community associated with informality.

Regarding the generalization of the case study of Jhilpar slum, this study is aimed at expanding and generalizing theory, in particular the social business model for affordable low-income housing, through a thorough analysis of the obstacles and potentials of existing financial and housing markets. If other slum areas are taken into account for study, the social business based low-income housing models would be applicable, however the financial parameters (including the monthly house rent, which follows residents' income status and affordability, etc.) might be not be the same as those presented in this study.

During the questionnaire survey, the sampling unit was deliberately divided into 'male-headed', 'female-headed', and 'composite' households in order to determine whether such divisions impact on the low-income housing process. Results from this study suggest that such divisions (based on the head of the household) do not affect the housing process, but this develops the ground for further study on the livelihood strategies of the urban poor.

This study is limited to public-owned slums, where the government supposedly has legal control over the land and helps devise and implement housing programs and actions in accordance with the national housing policies. With a view to the study scope and focus, the research does not take into account privately owned slums. Yet the findings of this study indicate some pertinent areas where further research on policy directives for low-income affordable housing in privately owned slums is required.

3.8 Summary of Methodology

Figure 3a offers a summary of the methodology, which presents the main steps taken in each stage of the study. The research problem, questions, and objectives of the study develop the theoretical and conceptual framework, which in turn determines the nature of study area and the subject of the study. Primary and secondary data are collected from the selected study area by employing the case study method, and from public and private housing organizations through face-to-face questionnaire surveys based on non-random judgmental sampling methods, direct observations, and interview guides. The empirical facts and secondary data are analyzed through an abduction approach, whereby induction and deduction are combined. Finally, the validity and reliability of the research is ensured by way of triangulation.

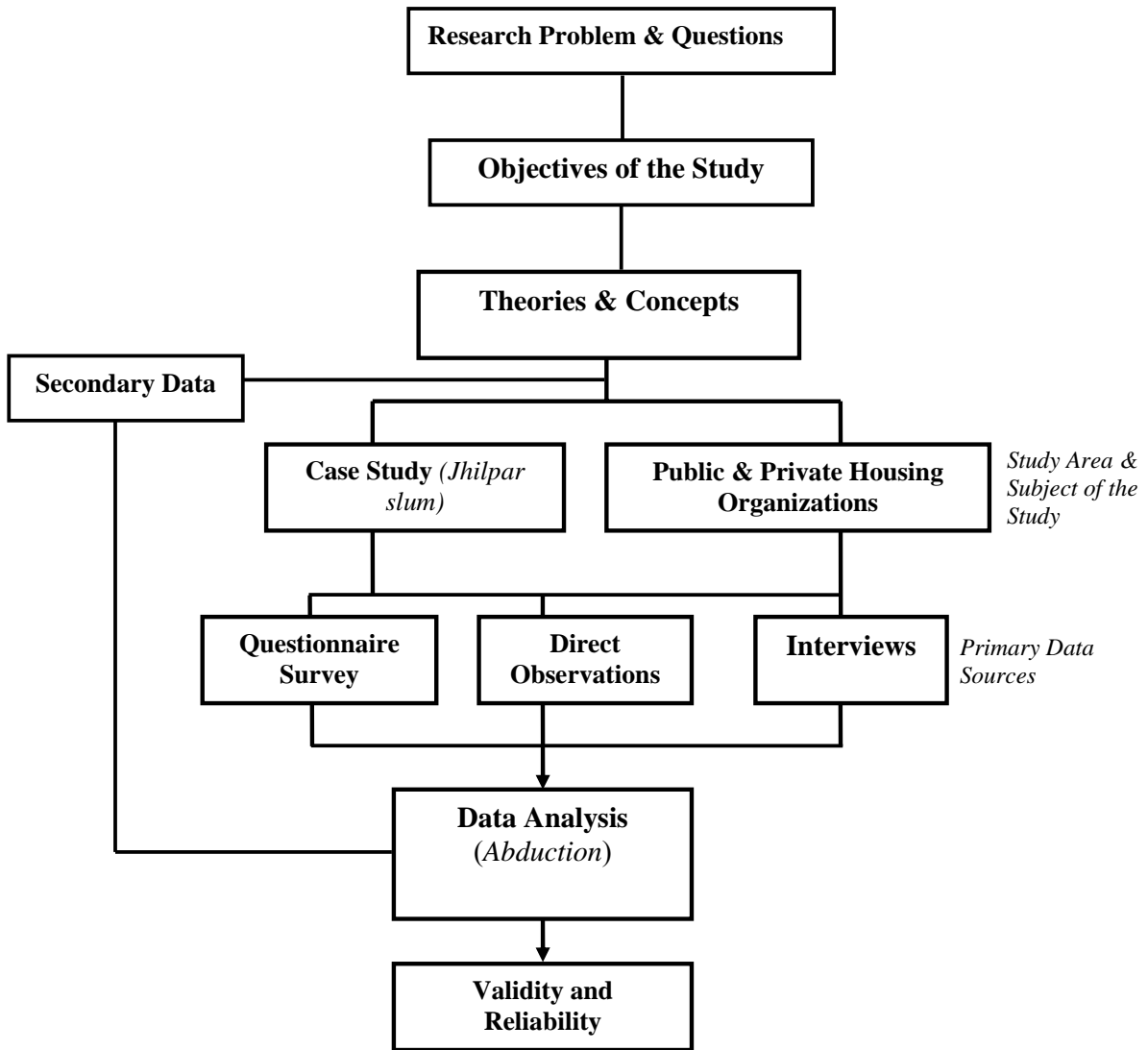


Figure 3a Research methodology framework; (Source: own construct)

CHAPTER FOUR: DHAKA CITY AND CASE STUDY AREA– JHILPAR SLUM

Dhaka has developed as a prime city predominantly without being supported by necessary basic services and infrastructure facilities (Rahman 2009; Rahman, 2008; Islam et al., 2006). The generation of slum settlements is considered to be one of the consequences of the government's inability to satisfy the housing needs of the poor. This chapter aims to provide a brief overview of Dhaka's slum dynamics, along with a brief insight into the Jhilpar slum. In particular, the chapter offers a perspective on the overlaps in administrative geographies and responsibilities in Dhaka city, together with the population dynamics, geographical distribution of slums, their ownership, and the employment they accommodate. The variables affecting the location choice of slum settlements are also presented. Further, cooperative business, as a form of micro social entrepreneurship practiced by the urban poor, is brought into the discussion in order to understand its potential in generating social welfare. A brief summary of the demographic features, land topography, and existing services of Jhilpar, as a general case of a slum being developed on public owned land, is also presented.

4.1 Administrative Entities and Demography

4.1.1 Administrative Jurisdictions in Dhaka City

Within the geographical construct of urban Dhaka, there are four different administrative jurisdictions where there is an overlapping of responsibilities between two authorities - the Dhaka city corporations (DCC), and the Capital Development Authority (RAJUK) (Ezaz, 2005; Talukdar & Newman, 2003). These jurisdictions are briefly presented here, in order to describe the nature of geographical overlap.

The Dhaka City Corporation (DCC) is the first administrative entity, with an area of 360 square kilometers (Talukdar & Newman, 2003), where the estimated number of inhabitants is 8 million (Rahman, 2009). Under the Municipal Corporation Ordinance (1993), the DCC is principally responsible for the construction, maintenance, and supply of basic urban services, such as roads, street lights, side walks, sanitation, drainages, drinking water, etc. to all income populations living within its administrative jurisdiction (Hossain, 2006; Ezaz, 2005). On many occasions, DCC builds grocery markets (bazaars) and shopping centers in different commercial places, from which it earns the maximum revenue and tax (Hossain, 2006; Ezaz, 2005).

The second administrative jurisdiction is the Dhaka Metropolitan Area (DMA), which is administered by the police authority (Ezaz, 2005). The third administrative area is the Dhaka Statistical Metropolitan Area (DSMA), also known as the mega city (Map 4.1.1a), consisting of the Dhaka City Corporation (DCC) area and a number of adjoining thana¹⁰ areas including entire Narayanganj, Bandar, Keraniganj, Savar, Tongi, and Gazipur town (Talukdar & Newman, 2003).

¹⁰ Thana is a small administrative subdivision and is the lowest tier in police administration. It is also known as the third lowest tier in the hierarchy of Bangladesh local government. There are 522 thanas in Bangladesh, 10 of them are located within the administration of the Dhaka Metropolitan Statistical Area (BBS, 2003).

The fourth administrative area is known as the Dhaka Metropolitan Development Plan (DMDP) area, and is governed by the Capital Development Authority (RAJUK). The DMDP has an area of 1530 square kilometers, that consists of the DCC and DMA areas (DAP, 2008; Talukdar & Newman, 2003).

Talukdar and Newman (2003) note that among these four administrative jurisdictions, there are overlapping geographical areas which impose overlapping responsibilities on the respective administrations (Map 4.4.1a). The general perception of Dhaka city’s administrative boundary is somewhat confusing and is confined to the central city areas comprising the DCC jurisdiction along with some neighboring urban areas (Ezaz, 2005). However, to simplify and to avoid complexity in administrative jurisdictions, the DMDP area has been regarded as ‘Dhaka city’ in this study.

4.1.2 Dynamics of Population and Slums in Dhaka City

As of 2008, the population of Dhaka city (that is, belonging to RAJUK’s jurisdiction) stands at approximately 12.8 million (BBS, 2009). The population of the DMDP area is growing by an estimated 4.25 percent per annum, one of the highest rates amongst Asian cities and much higher than other cities in Bangladesh (World Bank, 2007). The continuing growth is reflected in continued migration from rural areas, together with the expansion of city boundaries which itself has contributed a large amount of growth to the existing urban population (Islam et al., 2009; Afsar, 2000). Table 4.1.2a presents the spatial expansion¹¹ of Dhaka city; the most notable period of which took place between 1981 and 1991. This expansion of boundaries resulted in population increases of more than 100 percent (Hossain, 2006). It should be noted that expansion of the administrative boundaries of Dhaka city was predominantly driven by political affairs - for instance, to increase the number of voters for national and local government elections (Islam et al., 2006). After 1995, however, the geographical boundary of Dhaka city has not been expanded.

Table 4.1.2a Expansion of Dhaka city’s boundaries since the 1970s

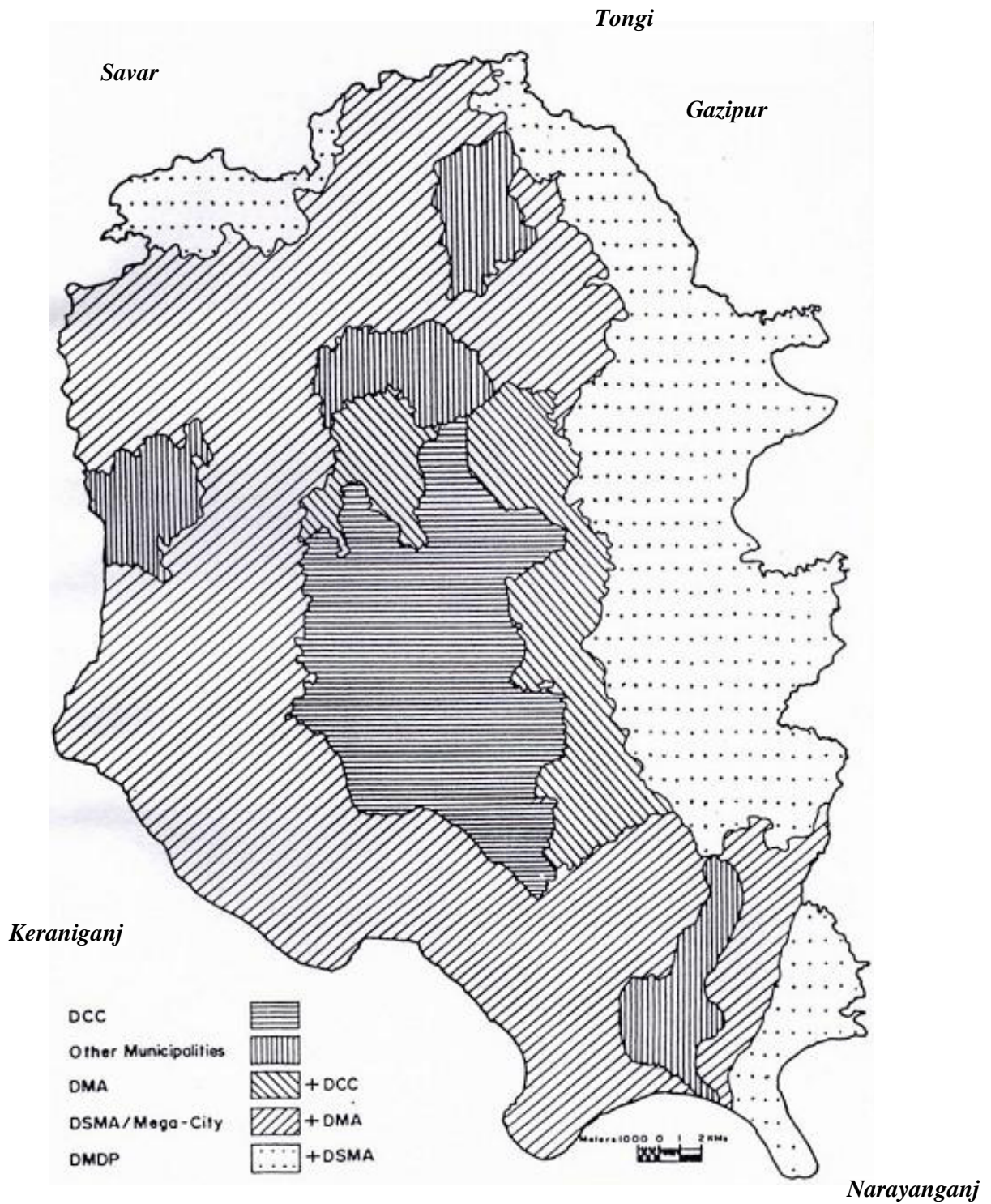
| Year | Area (sq. km.) | Spatial Expansion (in percentage) |
|------|--------------------|-----------------------------------|
| 1974 | 336 | - |
| 1981 | 510 | 52 |
| 1991 | 1353 | 165 |
| 1995 | 1530 ¹² | 13 |

(Source: Adapted and revised from Hossain, 2006)

One of the most notable features of population dynamism in Dhaka is the ‘urbanization of poverty’, as the city is numerically dominated by the urban poor (Bari & Efroymsen, 2009; National Policy Forum, 2001). As demonstrated in table 4.1.2b, 40 percent of the DMDP populations are poor, with an absolute figure of 5.4 million in 2004 and a projected increase to 5.62 and 5.82 million in 2010 and 2016 respectively.

¹¹ This is regardless of the different administrative jurisdictions (e.g., DCC, DMDP, etc.) in Dhaka city, presenting only its expansion over a period of three decades.

¹² That is, the area within the administrative jurisdiction of RAJUK.



Map 4.1.1a Administrative jurisdictions of the DCC, DSMA, and DMDP
(Source: Ezaz, 2005)

Table 4.1.2b Total urban and poor populations in the DMDP area

| | Territorial Limit | 2001 | 2004 | 2010 (projected) | 2016 (projected) |
|-----------------------|--------------------------------|------|------|---------------------|---------------------|
| Urban population | DMDP (million) | 10.7 | 12 | 14.88 | 18 |
| | Rate of growth (percent) | 3.5 | 4.25 | 4 | 3.50 |
| Urban poor population | DMDP (million) | 4.73 | 5.40 | 5.62* | 5.82* |
| | Share or population (percent) | 45 | 40 | 40* | 40* |
| | Rate of growth (percent) | 4 | 4 | 4* | 3.5* |

(Source: Adapted and revised from World Bank, 2007 and Hossain, 2006)

* Urban poor populations in the DMDP area for 2010 and 2016 are projected on the assumption that the projected growth rate for DMDP area is constant for 2010 and 2016. The share of populations is also assumed constant.

Distribution of Slum Populations

Slum settlements have existed in Dhaka city for a long time, but their growth has accelerated after the liberation war (in 1971) due to a mass migration of the rural poor (Islam et al., 2009). Since then, the number of slum settlements has increased considerably (as is shown in figure 4.1.2a) to a sum of 4,966 (Islam et al., 2009). In terms of geographical distribution, these slums and their populations are widely dispersed in various parts of Dhaka city (as is presented in map 4.1.2a). In terms of absolute numbers, Mirpur (where Jhilpar slum is located) has the highest concentration of slum dwellers (377,608) followed by Mohammadpur (299,376), Lalbagh (151,844), and Demra (141,834) Thanas. Among these Thanas, Mohammadpur has the highest proportion of slum population (46 percent), followed by Mirpur.

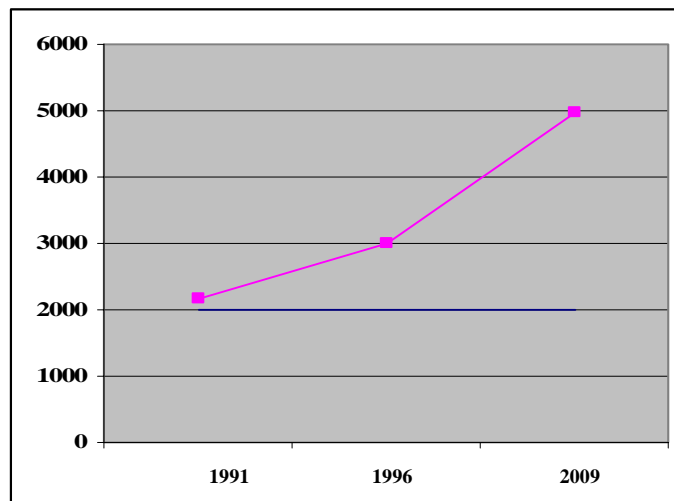
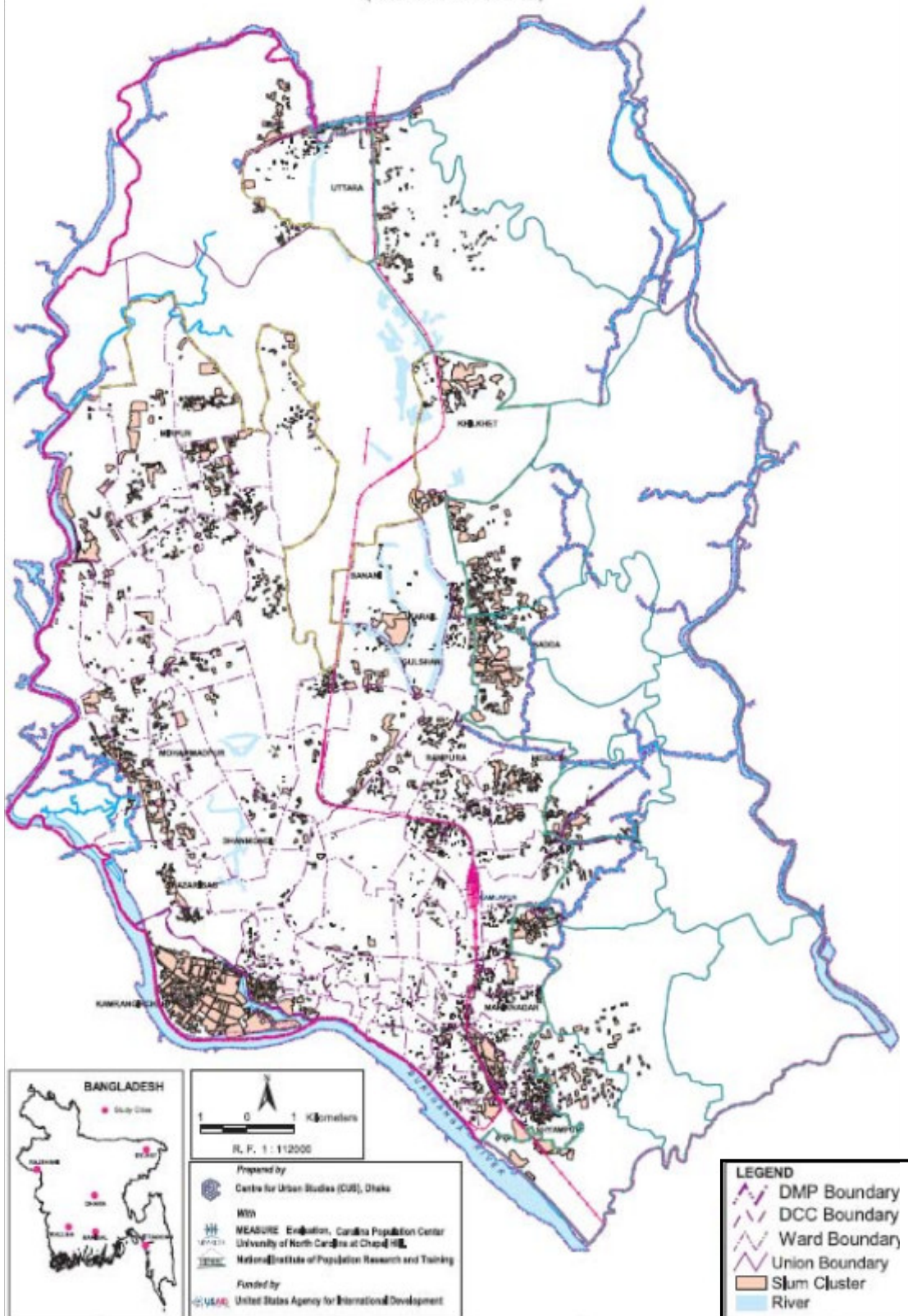


Figure 4.1.2a Increasing number of slum settlements since the 1990s
(Source: Islam et al., 2009; Islam et al., 2006)

SLUMS OF BANGLADESH CITIES, 2005
Dhaka Metropolitan Area
 (DCC Plus Unions within DMA)



Map 4.1.2a Locations of slum settlements in Dhaka city
 (Source: Islam et al., 2009)

The Ownership of Slums in Dhaka

Of the 4,966 slums, an overwhelming majority (77 percent) of the settlements are located on privately owned land - i.e., land owned by single private owners (42.2 percent), or multiple private owners (34.8 percent). Only 21 percent of slums are located on publicly owned land, while a few (2 percent) are located on lands belonging to non-government organizations (Islam et al., 2009). But Rahman (2009) argues that a large majority of the privately owned slum settlements are associated with some sort of land ownership dispute and/or litigation with governmental organizations. Generally, under the current judicial process, such contentions take a long time to resolve and this persuades local business elites to occupy public vacant and Khas lands illegally, often with the support from political elites (ibid.). One of the lucrative aspects of such occupation and development of land for slums is the high rate of profit (which is higher than any other possible businesses) (Islam et al., 2006). This reality is validated, to some extent, by the fact that the slum dwellers pay nearly same rate of house rent as other income-populations living in better housing arrangements (Rahman, 2008; Nahiduzzaman, 2006). This is probably contributing to a growing number of slums in Dhaka, as is shown in figure 4.1.2a. Moreover, given the large amount of disputed land under litigation, it could be argued that most of the slums in Dhaka city are being developed on public land, though the above statistics show the opposite.

Employment of the Slum Dwellers

The majority of the urban poor make their livelihoods through employment in the informal sector. Among the types of informal employment, the most prominent are rickshaw driving (requires no technical skills but demands physical strength); CNG- driven (compressed nature gas) auto-rickshaw driving; private car/bus driving; working as a shopkeeper in a small-scale store; working as a food vendor, selling for instance vegetables, meat, or fish; daily contract-based labor for construction and household works; begging; and sewing and knitting. Garment factories are the major employers of female populations, beside their employment as house caretakers, baby sitters, and house maids for mid to high-income families (Islam et al., 2009). There are a number of garment factories in Mirpur and in other parts of Dhaka that generate a substantial amount of employment for many people living in slums, including those in Jhilpar (Islam, et al., 2006). It is notable that, besides male household members, females also largely contribute to the overall household income.

4.2 Cooperatives - Micro Social Entrepreneurship in Dhaka

The aim of this section is to describe the existing practice of cooperatives as micro social entrepreneurship in the slums of Dhaka city. Social entrepreneurship is defined as small-scale joint venture business initiatives driven by a social welfare goal to benefit all engaged stakeholders (James et al., 2005). Such entrepreneurship is popularly known as ‘community-based cooperative business’ and, whilst operating in many low-income communities in Dhaka, except in a few cases information about such community initiatives is barely available (Rahman, 2008).

Under the legislative support of the Co-operative Societies Act (2001), Safe Save Cooperative provides financial services to poor men, women, and children living in the slums of Dhaka city. It makes saving convenient for the poor by providing a way to deposit savings of whatever amount on weekly/monthly basis. Safe Save keeps these savings and accumulates them for a long time until a relatively large sum is created. At the request of the members,

Safe Save returns the money, which is to be used effectively for satisfying diverse needs (Safe Save, 2009). Since its registration, it has extended its operations from two slums at Mohammadpur to eight branches in Bauniaband, Beriband, Geneva Camp, and the Lalbagh area of Dhaka City (ibid.).

The Provati Slum Welfare Cooperative Society (*Bastee Kalyan Samabaya Samity* in Bengali) was informally formed by the Khilgaon slum inhabitants, who pay a small amount of money (1 Taka) per month to the cooperative for community welfare. After a certain period of time, the cumulative sum is used to improve shelter and build affordable infrastructure - particularly services like water, access roads, drains, sanitary latrines, etc. (Rahman, 2008). The society has been able to raise funds for necessary improvements, despite the low income level of the members. Seemingly, there is a room for public and private financial agencies to be engaged in such cooperative initiatives to improve their living environment (Islam et al., 2006). But the question yet to be answered is: with what understanding and capacity will the formal financial institutions involve themselves in such informal cooperative initiatives for large scale and long lasting improvements?

The cooperative businesses of slum dwellers have a major advantage, as they can secure the required maintenance of assets (Khurana, 2004). Cooperatives not only provide a forum for community welfare, but they also help in educating low-income populations on the need for securing individual and communal responsibility and participation. The importance of cooperatives and cooperative-like organizations has been acknowledged by UN-HABITAT, which also recognizes that cooperatives, as stakeholders, complement and supplement governmental efforts in meeting the housing needs of all-income people. But, what is the prospect of complementing such cooperatives with ongoing governmental efforts? Do governmental efforts in Dhaka take into account such cooperatives in devising pertinent policies or programs? These issues are analyzed in chapter ten.

4.3 Location Analysis of Slum Settlements

‘Location analysis’ is a term generally used in the field of geographic information system (GIS) to decide the most suitable sites for different uses and services (Church et al., 2008). Researchers in this field (e.g., Duggal, 2008; Parker, 2008; etc.) define location analysis as ‘accessibility’ to different services, such as health centers, schools, community centers, etc. located in different geographical areas. Depending on the nature of those services, they measure ‘accessibility’ with a range of variables among which the most important is ‘close proximity’, which is measured through three parameters - distance, time, and cost (Church et al., 2008). This study, therefore, considers ‘close proximity’ as the prime variable for location analysis.

It is a conventional fact that the urban poor have no other alternatives but to live in slums in different locations (Islam et al., 2006). The aim of this section is to examine whether the three parameters of close proximity (distance, time, and cost) can explain the locational features of slums in Dhaka. Specifically, the examination consists of addressing the question: if ‘close proximity’ makes a slum located in its current geographical setting, then close proximity *to what?* Therefore, this section seeks to examine how the above ‘*what*’ variable explains the geographical settings of the slum, and to consider whether the locations of those slums influence the potential slum dwellers to decide on their places of residence.

On the growing number of slums and the magnitude of their multi-dimensional problems, Nawaz (2009) claims that most slums are located in inner-city areas. The locations of these slums are determined by their close proximity to the workplaces of slums dwellers. Similar findings are also found in a study conducted by the World Bank (2007). The World Bank (2007) conducted a number of surveys in slums located in different locations of Dhaka city. A major finding of those surveys reveals that close proximity to workplaces is the prime choice-determinant for the inhabitants. For instance, dwellers of ‘Moder bustee¹³’, one of the large slums in Dhaka city, state that their choice to live in that slum is primarily influenced by its prime location near to the main rail station where different informal jobs are available at their skill level (ibid.).

Rashid et al., (2007) conducted a study on two selected slums in Dhaka city - Bhasantek¹⁴, and a slum in Mirpur (other than the study area). Their focus was on constructing a preference choice model based on assessment of willingness – whether slum inhabitants are interested in relocating to flood-free areas. The model suggests that relocation is largely influenced by long-term employment, which is also correlated with long-term stay at one particular slum (Rashid, et al., 2007). However, this study does not specify the duration meant for long-term employment.

Hossain (2006) finds that urban poor living in slums tend to work in places that are in close proximity to where they live. The nature of employment and its variability supports this fact, as many of them are employed as house caretakers or house maids for relatively well-off families who live in close proximity. Not only that, many employment options – such as shopkeeping, retail vendors, etc. – are located roadsides that are not far away from their residences. Hossain (2006) generally concludes that major employment locations (including markets, railway stations, bus terminals, hospitals, etc.) are the basic factor influencing the location and establishment of slums. Rahman (2008) also notes that earlier attempts to rehabilitate urban poor populations by relocating them to fringe areas were not successful because the locations were far away from their workplaces. The poor, therefore, left those distant places to re-settle in city areas closer to their workplaces.

Nahiduzzaman (2006) takes location analysis of slums one step further by considering modes of travel (i.e., on foot and by public bus, whereby most are on foot) to workplaces, measuring ‘close proximity’ by drawing variable distances to workplaces that influence their choice of travel mode. He also shows that slums are located at a close distance to workplaces, as the majority of trips to work places are made on foot. However, Nahiduzzaman (2006) does not bring up the issue of transport cost commensurate with the choice of travel mode and distance; rather, he portrays the worsened public transport condition in Dhaka as strongly affecting the location choice of slums against their work places.

Though Nahiduzzaman (2006) defines ‘close proximity’ in terms of distance, and brings up the issue of travel modes to workplaces, his study is conducted on the basis of a relatively small sample. Though touched upon, the above cited study findings do not provide insight, in integrated manner, into the following variables: travel mode to work places, required time, and associated costs. Therefore, there is a necessity to analyze the location of other slums by taking a relatively larger sample size. On one hand, such research needs be conducted in order

¹³ ‘Bustee’ is a Bengali term for slum. Some researchers (e.g., Rahman, 2001, etc.) use this term *basti* in international publications. However, in this study ‘slum’ is used instead for a wider recognition.

¹⁴ The Bhasantek rehabilitation project is under construction to rehabilitate urban poor who are living around the project site.

to examine the ways in which the findings of this case study are similar to the above studies. On the other, it is also yet to be seen whether there are any new and detailed attributes of ‘close proximity to workplaces’ that could contribute to new knowledge for scientific advancement within the location analysis discussion in Dhaka.

4.4 Jhilpar Slum – The Case Study

4.4.1 Location of Jhilpar Slum in Dhaka city

In Bengali ‘*Jhil*’ means ‘canal’ and ‘Jhilpar’ refers to a place alongside a canal. Jhilpar slum is located in the northwestern part of Mirpur Thana. As mentioned earlier, compared to other areas, Mirpur is known to have the highest number of slums and hence low-income populations. According to the DCC’s administrative division, Jhilpar slum is located in section¹⁵ 7 of ward¹⁶ 6 within the Mirpur area (Islam et al., 2006). According to administrative division of RAJUK, Jhilpar slum is located in SPZ¹⁷ (spatial planning zone) 13 (DAP, 2008) and is owned by the government. Map 4.4.1a shows the location of this slum in the geographical setting of Dhaka city.

4.4.2 An Introduction to Jhilpar Slum

Jhilpar is one of the oldest slums in Dhaka city, and has a total population of around 20,000 and a land area of 8.3 hectares. Without exception, the average population density in Jhilpar slum is 2,410 persons per hectare, which is higher than any average residential density in Dhaka. The slum is home to 4,000 households headed by both male and female parents (Islam et al, 2009). Notably, another type of household is also found in this slum, which can be understood as a ‘composite household’ whereby a senior member of the household is responsible to take care of junior members in the absence of their parents. Members of such a household are not necessarily related by blood (Islam et al., 2006).

As shown in map 4.4.1a, the eastern side of Jhilpar slum has been developed on a solid land mass whereas the inner part of the slum shares the largest area and is founded on bamboo structures that literally hang over the canal. Therefore, a few sanitary latrines, whilst substandard, are found in the front part whereas most of the hanging toilets are located in the rear part (Islam et al., 2009). The entire area lies on the low-flood plain; hence the houses are prone to recurrent flooding, especially the rear part, even for a medium amount of rainfall. The houses in the rear part have been raised to a certain height above the water level but during the rainy season this configuration does not offer much help (ibid.).

Jhilpar inhabitants do not enjoy any legal supply of electricity from the concerned authority i.e., the Dhaka Electricity Supply Authority (DESA) and provisions for drainage, sanitary toilets, and sewage are beyond the question. DCC has provided only five outlets/points for drinking water for 20,000 inhabitants. Like other slums in Dhaka one of the notable features of Jhilpar is a cooperative business, which has been under operation for a number of years

¹⁵ Section is the simple geographical sub-division within a *thana*. For instance, sections within Mirpur area are known as Mirpur 1, Mirpur 2, Mirpur 3, etc.

¹⁶ Ward is the lowest administrative unit of the Dhaka City Corporation. With the aim to promote and strengthen local government actions, the DCC has been divided into 90 wards, with one elected commissioner in each ward (Khan, 2003).

¹⁷ Under the Detailed Area Plan (DAP) for the DMDP Area, the total area has been divided into 26 SPZ (DAP, 2008).

(Islam et al., 2006). How such micro entrepreneurship has benefited Jhilpar's inhabitants, and what the strength and potential of such a business effort might be in providing affordable housing to its stakeholders, is to be known. Therefore, in the empirical findings presented at chapter nine, I illustrate (along with other pertinent issues) in detail the operational mechanism of the Jhilpar Cooperative, including membership criteria, administration, business development strategies, investments, profits towards community welfare, etc.



Map 4.4.1a Location of Jhilpar slum in Dhaka city; (Source: Combined from Google Map, 2009 and Google Earth, 2010; Imagery date February 27, 2010; Europa Technologies (not in scale))

CHAPTER FIVE: LAND GOVERNANCE IN DHAKA

Food and Agriculture Organization's (FAO) (2007) recent draft 'good practice' guidelines on good governance identify that land administration projects should include a focus on improving governance. Arguably there is little material on good governance that focuses on land tenure and administration (FAO, 2007). Mathieu (2006) argues that good governance and the rule of law are closely interrelated with the successful execution of processes for improved access to land. Lack of policies and good governance for inclusiveness has also been advanced as a contributory cause behind land and services being delivered on an unequal basis to urban residents (Tannerfeldt and Ljung, 2006). The UNDP's Global Drylands Imperative (*erstwhile 'Initiative'*) stresses that:

“...land tenure – and in particular land tenure reforms – are not only legal issues but also one of governance. Security of tenure is most genuinely guaranteed by the political neutrality of the bodies that write and enforce legislation, and by the transparency of land reform processes themselves” (UNDP, 2003, pp. 4-5).

In line with this position, this section explores urban land tenure categories, land policies, legislations, and land administration and management practices in Dhaka city. Among others, existing and potential usages of *khas* and publicly owned land as supplies of urban land are also described.

5.1 Urban Land Administration and Management

Land administration and management is needed for well functioning land governance so that the population can place their trust in the integrity and competence of those who administer urban land; and to set basic rules for managing and recording land acquisition, transfer and effective uses (Islam, 2000b). According to CPD (2003), land management and administration can take two basic forms, namely:

- i. direct intervention by government agencies in the provision of land, housing, and services to meet existing and projected needs; and
- ii. indirect regulation of provision by others, primarily the formal private sector.

Where these forms of administering and managing urban land prove inadequate for local conditions, the gap is invariably filled by a range of informal practices and supply systems (Jahan & Rouf, 2007), resulting in various types of customary land tenure categories. Among them slum is the most prevalent type found in Dhaka city (Shafi & Payne, 2007; Islam et al., 2006).

Whilst land management functions in Dhaka are exercised by two government ministries – i) the Ministry of Lands; and ii) the Ministry of Law, Justice and Parliamentary Affairs - the former is the prime governmental agency exercising management functions in both urban and rural areas (Barkat, 2004). There is a lack of coordination between these ministries, which exacerbates the magnitude of land management problems. Under these ministries, a number of public departments (see figure 5.1.2a) are devoted to land issues and often they do not coordinate for their respective functions (Rahman, 2008). Moreover, there is no single public agency responsible for land and land-related issues, and each of the agencies involved have a different approach to administration and management (*ibid.*). This is further complicated by

discrepancies in the performance of agencies in response to their clearly defined responsibilities (Barkat, 2004).

5.1.1 Urban Land Ceiling and Management

Attempts at re-distributive reform, and supplying urban land through the establishment of land ownership ceilings, have been a common a policy feature in Dhaka and other major cities of Bangladesh (CARE Rural Livelihoods Program, 2003). With the introduction of the Land Reforms Ordinance (1984), the highest ceiling of acquisition of land was set at 21 acres (previously, it was 33.33 acres) according to Bengal State Acquisition and Tenancy Act (1950) (Rahman, 2008) (see table 3 in Appendix I). Though this land ceiling was principally meant to re-distribute lands on an equity basis and specifically to the poorer section of the society, eventually – due to lack of monitoring and enforcement of these regulations – most land in Dhaka is enjoyed by the wealthy class (ibid.). The 1982 Land Reform Committee had suggested the ceiling of 5 *Katha* (334.5 square meters) for individual landowners in Dhaka (World Bank, 2007). One proposal suggested that land prices in the city centers be frozen, but this was only a stunt aimed at gaining popularity by the then socialist-leaning government, and it was subsequently repealed (Rahman, 2001). It was never approved and, therefore, Dhaka and other urban areas in Bangladesh have no land ceiling. The 1984 Land Reform Ordinance also makes no reference to an urban land ceiling. The Dhaka Development Authority (RAJUK) and The National Housing Authority (NHA) have a policy not to allocate land parcels to anyone who already owns land in Dhaka, although it is possible to deceive these public agencies as verification based on obsolete land records is not possible (Rahman 2008).

5.1.2 The Land Appeal Board

There are five departments in land affairs under the Ministry of Lands and the Ministry of Law, Justice and Parliamentary Affairs (as shown in figure 1 in Appendix I). Among them is the Land Appeal Board, the functions and administration of which are briefly discussed below, as it poses challenges and difficulties in transferring land title.

The Land Appeal Board is the highest revenue court in the country, serving as the final arbiter in matters of *khas* and other lands, record keeping, demarcation of plot boundaries and taxation (Rahman, 2008). Generally, the Board receives a large volume of litigations and appeals on land against the decisions of the Divisional Commissioners/Additional Commissioners. To reach a resolution, the Land Appeal Board needs to coordinate strongly with other departments (e.g., the Department of Land Registration, Land Reforms, etc.); and such coordination is very weak or even absent (Shafi & Payne, 2007). Moreover, in matters of *khas* land and other land affairs, the geographical operation of the Land Appeal Board is limited to outside Dhaka city, which begs the question of which authority is responsible for *khas* land management in Dhaka city.

Both fraud and disputes over ownership is a common feature of cases of land ownership or the transfer of land titles. This is seen with respect to both publicly and privately owned land. For conflict resolution, the parties often end up going to the judiciary (i.e., the Land Appeal Board) and such resolution usually takes a long time (i.e., 15-20 years) involving a high cost (Rahman, 2008; Islam 1996). Figure 5.1.2a shows a typical appeal process, which begins at the lowest rung of the ladder and then moves progressively upwards until the

appellants and other interested parties either accept the judgment or are concerned about proceeding further due to lack of finances. Only rich people, who are well-connected to high officials within different governmental agencies, are able to climb all way to the top for justice (Khan, 2003). The settlement process is further complicated and worsened by the fact that the Department of Land Records and Survey (DLRS) does not update land records on a regular basis and does not cooperate with the Land Appeal Board in the expected manner (ibid.).

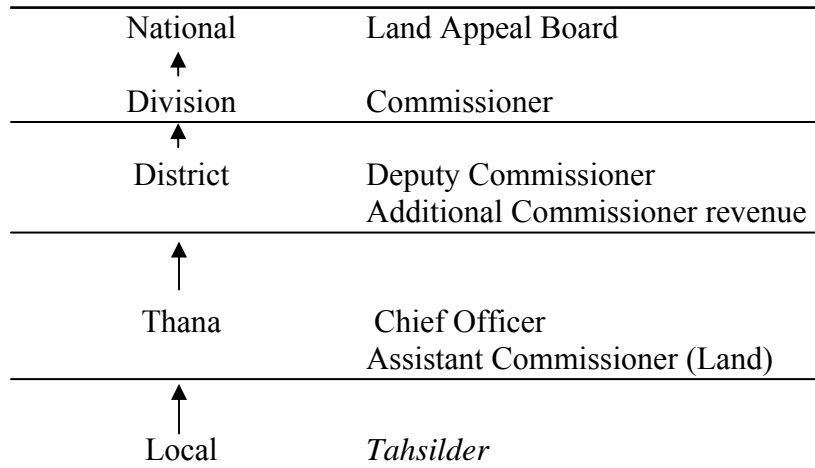


Figure 5.1.2a Land appeals ladder (Source: Rahman, 2008)

5.2 Urban Land Tenure and Legislations

5.2.1 Land tenure categories in Dhaka city

A key challenge to the land industry is how to provide land tenure security to slum dwellers. To do this, new innovative tenure types need to be developed that are not only affordable to the urban poor but also supported by policy instruments (Islam, 2000b). Considering the disputation embedded in the land title system, the land industry needs to think beyond conventional titling approaches.

Land law in Bangladesh is based on the common law system of freehold and leasehold title (Shafi & Payne, 2007). Usually, land title (freehold) can be obtained through inheritance, purchase, gift or will, or transfer (Rahman, 2008). In lease title (agreement), absolute ownership is not granted, but the leaseholder possesses the rights to use the land in the agreed manner. Usually, the duration of lease agreements vary from short to very long term¹⁸ and they are renewable; the acquisition of such agreements entails a complicated set of different official procedures that discourage low-income people (Barkat, 2004). Generally, the land title and lease title are practiced by the higher-middle to well-off classes of the society. Besides this, squatting and renting are the most common forms of land tenure for low-income people in Dhaka, as in the current housing market it is not possible for them to own land or houses in the city (Islam, 2000b).

¹⁸ From 1 year to 30 years and in some cases up to 99 years (Barkat, 2004).

Therefore, given the fact that 65 percent of total housing stocks in Dhaka are rental units, the only accommodation choice left to low-income people is to rent houses in the slum supplied by individual legal or de facto landowners (Hoek-Smit, 1998). Understandably, the increased and unmet demand for low-income housing has influenced the emergence of land tenure categories whereby both owners and tenants have a low level of tenure security as they squat on others' land but live as de facto¹⁹ owners and tenants (McAuslan, 2003) (as presented in table 5.2.1a). How land legislations benefit affordable low-income housing forms a strong area of concern. In response, McAuslan (2000) argues that the process to deal with land through existing legislation is complex, time consuming, and expensive; it barely benefits the urban poor.

Table 5.2.1a Tenure categories and associated security levels in the slums

| Tenure category | Land ownership | Security level | Reasons |
|-----------------|----------------|----------------|--|
| Slum tenants | De facto | Low | i. low income ii. no major investment for land and minimum for housing structures which are mostly of temporary materials iii. location and proximity to work place iv. kinship of local people v. low expenditure |
| Slum owners | De facto | Low | |

(Source: McAuslan, 2003)

Khas Land and Public Land

In different contexts, individual researchers and research organizations (Vestbro, 2007; UN-HABITAT, 2003b; Payne, 2000) have advocated a handful of land tenure choices, including: occupancy rights; anti-eviction rights; a rights-based approach; political tenure security; customary tenure; and local affordable forms of titling, such as the flexible land tenure system. In Dhaka, generally, squatting takes place (besides on privately owned land) both on *khas* and public land. This part, therefore, explores the available and estimated amount of *khas* and public land in Dhaka city that is either under use (e.g., as slum, public companies, etc.) or could be of potential use. These two types of land tenure in particular are introduced in order to: i) understand their potential in increasing the supply of urban land that could be allocated to low-income affordable housing; and ii) explore the barriers and challenges in increasing their supply. It is often alleged that *khas* and publicly owned lands (public tenure) are not supplied and used effectively to meet the shortage of land for many of the urban problems that cry out for resolution (such as shelter) (Bari and Efrogmson, 2009; Islam, 1996). Some researchers (Islam et al., 2006; Nabi et al., 2003; Momen, 1996; Barkat, 2004) argue that *khas* land, along with publicly owned lands, have the potential to solve many urban problems, such as housing for low-income people and unemployment.

¹⁹ Ownership is based on occupation of land but not necessarily based on legal titles. They are at risk of being evicted any time by the legal owners.

Khas land

Khas land refers to unoccupied land that is owned and managed by the Ministry of Lands. According to Momen (1996), the main features of *khas* land are as follows: land already possessed by the government, accreted lands from the sea or rivers, land acquired by the government that is over the ceiling limit for total land under individual ownership, land purchased by the government in auction sales, and miscellaneous sources such as surrendered, abandoned or confiscated land. Principally, *khas* land is supposed to be re-distributed for different social welfare purposes, such as for distribution to the landless, homeless people in the disaster prone areas (Ministry of Land, 2006).

Barkat (2004) claims that there is an abundant amount of *khas* land in different urban and rural areas, both in agricultural and non-agricultural forms (as presented in table 5.1.2b). Although some attempts have been undertaken at roughly estimating at a national scale, but there is no exact measure on the total amount of *khas* land in Dhaka city. According to Barkat (2004), the total amount of *khas* land (including water bodies) in the country is about 3.3 million acres, of which about 244,9663 acres are land and around 830,356 acres are water bodies.

Table 5.2.1b Amount of agricultural and non-agricultural *Khas* land

| <i>Khas</i> land | Amount (acres) | Percentage of total <i>khas</i> land |
|-----------------------|----------------|--------------------------------------|
| Agricultural land | 803,309 | 32.6 |
| Non-agricultural land | 16,86,354 | 67.74 |
| Total land | 244,9663 | 100 |

(Source: Barkat, 2004)

Rahman (2008) argues that the actual amount of *khas* land far exceeds what is shown in the official statistics. Official sources from the Ministry of Land argue that around 44 percent (i.e., 353,456 acres) of the 803,309 acres of agricultural *khas* land has already been distributed among the poor (landless²⁰) and destitute, but these statistics vary considerably from the study conducted by Barkat et al., (2001). Barkat et al., (2001) show in their study that 56 percent of the distributed land was not held by the poor, but by others who are known to be influential.

Inappropriate policy prescriptions or a lack of such prescriptions altogether, for the effective use of *khas* land has decreased urban land supply which, in turn, has increased the magnitude of many long-lasting urban problems like low-income housing (Hasan & Kabir, 2002). This is further exacerbated by the misappropriation of land by the political

²⁰ Among many definitions, 'landless' have been defined by Roy (2008) in the following ways:

Category I: landless includes the following people,

- (a) rootless due to river erosion
- (b) landless family of a dead or disabled freedom fighter
- (c) landless widow or divorced women having a son to cultivate

And *category II,*

- (a) family without agricultural and homestead land

or business elites or influential real estate developers (Mohiuddin, 2009; Islam et al., 2006). Profiteering by means of fraudulent business has led housing developers to take over government *khas* land (Islam, 2006). The Parliamentary Standing Committee of the Ministry of Lands found that influential businessmen, local elites, and housing companies who had good political connections with the ruling or opposition parties had misappropriated and illegally acquired 7,993 acres of *khas* land in Dhaka city (Ministry of Land, 2006). Though the aim of the above standing committee was to recover illegally occupied *khas* land and hence make it available for effective urban uses, a lack of effective legislative measures and adequate actions at the top of government's administration meant that the attempt failed (Khan, 2003).

Much of the uncertainty of *khas* land re-distribution (land reform) came from the lack of uniformity in defining the beneficiaries of the reform system. Such identification largely depends on the beneficiary criteria, set forth by the government, and their priorities in the redistribution system. But such definitions have been changed, and still change, over different political regimes. Mohiuddin (2009) identifies those definitional shifts over a period of 50 years in the areas of the landless class, as well as discussing the priorities of *khas* land beneficiaries, the land ceiling amount, and definitions of families. According to recent priority definitions of beneficiaries, poor families who lost their houses due to eviction or forced acquisition by governmental agencies should be prioritized in receiving public land with tenure security (Barkat, 2004). But is this definition supported by legislation which can be enforced? To answer this question, it is imperative to explore the type of legislation guiding the distribution and re-distribution of *khas* land. This definition will potentially clarify the nature and extent of legislative strengths vested upon the beneficiaries to be.

For all intents and purposes, laws are meaningless and non-implementable if they are published for the sake of documentation and are approved without assuming the needs of all (Farvacque & McAuslan, 1992). Some researchers (Khan, 2003; Islam, 2000b) argue that there are more than the necessary number of laws in the area of land administration and management, and that sometimes they are confusing. In 1987, the Land Reform Action Program (LRAP) was initiated with clarification on the re-distribution policies of *khas* land. The aim of the LRAP was to distribute *khas* land on a permanent basis to landless families who are dependent on agriculture, but possessing less than 0.05 acres of land (Devine, 2000). In 1995, a new gazette notification designated four metropolitan cities (i.e., Dhaka, Chittagong, Rajshahi, and Khulna), municipalities, and Thana centers to be treated as 'town' and all *khas* land (including agricultural land) in these entities to be treated as non-agricultural land (Shafi & Payne, 2007). This notification strengthens the governmental stand on giving long-term lease of non-agricultural *khas* lands to poor families with a condition that their possessions will not exceed 0.5 acre per family. But this is not meant for Dhaka and Chittagong city areas, which deprives the low-income populations of the advantage of the *khas* land distributive legislation (Bari & Efrogmson, 2009). Moreover, there does not appear to have been any recent attempts to create/modify the gazette to re-distribute *khas* land among the urban poor in Dhaka.

In 1997, the LRAP renamed as the Agricultural Khas Land and Management Policies (AKLMSP). This is, at present, the latest distribution policy for *khas* land. This revised version retains most of the LRAP's clauses related to the process and mechanisms of settlement of *khas* land, but re-defines and prioritizes the poor (landless group) and reduced the maximum amount of agricultural *khas* land that can be allotted to a landless family - from 0.8 (1.96 acres) to 0.6 hectares (1.47 acres) (Mohiuddin, 2009). Whilst the LRAP and AKLMSP both emphasize the pressing need to recover *khas* land from illegal possession, and allocate it among the poor (landless) (Sinha & Toufique, 2000), no amendment has been made to the 1995 gazette notification addressing how the urban poor in Dhaka will benefit from a non-agricultural *khas* land distribution/re- distribution scheme.

Public land

Public land has remained under ownership of various government agencies, including Bangladesh Railway (BR), Bangladesh Jute Mills Corporation, Bangladesh Textiles Mills Corporation, Port Authority, etc. and is used mainly for residential buildings for public employees; and partly for industries, transport corridors, or is left as vacant land (Barkat, 2004). So far, around 3,000 apartments have been constructed in Dhaka for public employees alone (Rahman, 2009). The public housing authorities have been consistently engaged to serve such elite public employees (Hasan & Kabir, 2002). Though the government should not build houses except for emergency staff and in remote areas, as stated in national development plans, building public employee houses remains a common program. Such houses, situated in prime locations in the cities, follow a high construction standard and have better services and amenities. A privileged few government employees are provided with many facilities and offered very low market rents with high subsidies that cannot even recoup the maintenance cost; hence, such public housing efforts are economically unsustainable (Rahman, 2009; Hoek-Smit, 1998).

On the account of vacant land, there is some unused public land in different parts of Dhaka city, but there is no constructive effort from the government's side to reclaim those lands for urban development (Rahman, 2008; Barkat, 2004). It is claimed that two-thirds of vacant public land (e.g., of Bangladesh Railway) in Dhaka is not released for urban usage. In many ways, such hold and under-utilization contributes to reducing the total supply of land in the city (Hasan & Kabir, 2002).

There are 62,192 acres of land under the ownership of Bangladesh Railway (BR), of which 2,500 acres (approximate 4 percent) is illegally appropriated by influential people, including political and business elites (Bangladesh Railway, 2007). Other than this, the remaining portion of the land is mostly vacant and is kept unused regardless of its potential to contribute to or to solve many of the long-existed urban problems. Picture 5.2.1a represents a symbolic picture of illegal occupation by daily and permanent vendors and retail businessmen on the verge of a railway.



Picture 5.2.1a Illegal occupancy on Bangladesh Railway's land by retail traders. (Source: Laskar & Rizanuzzaman, 2008)

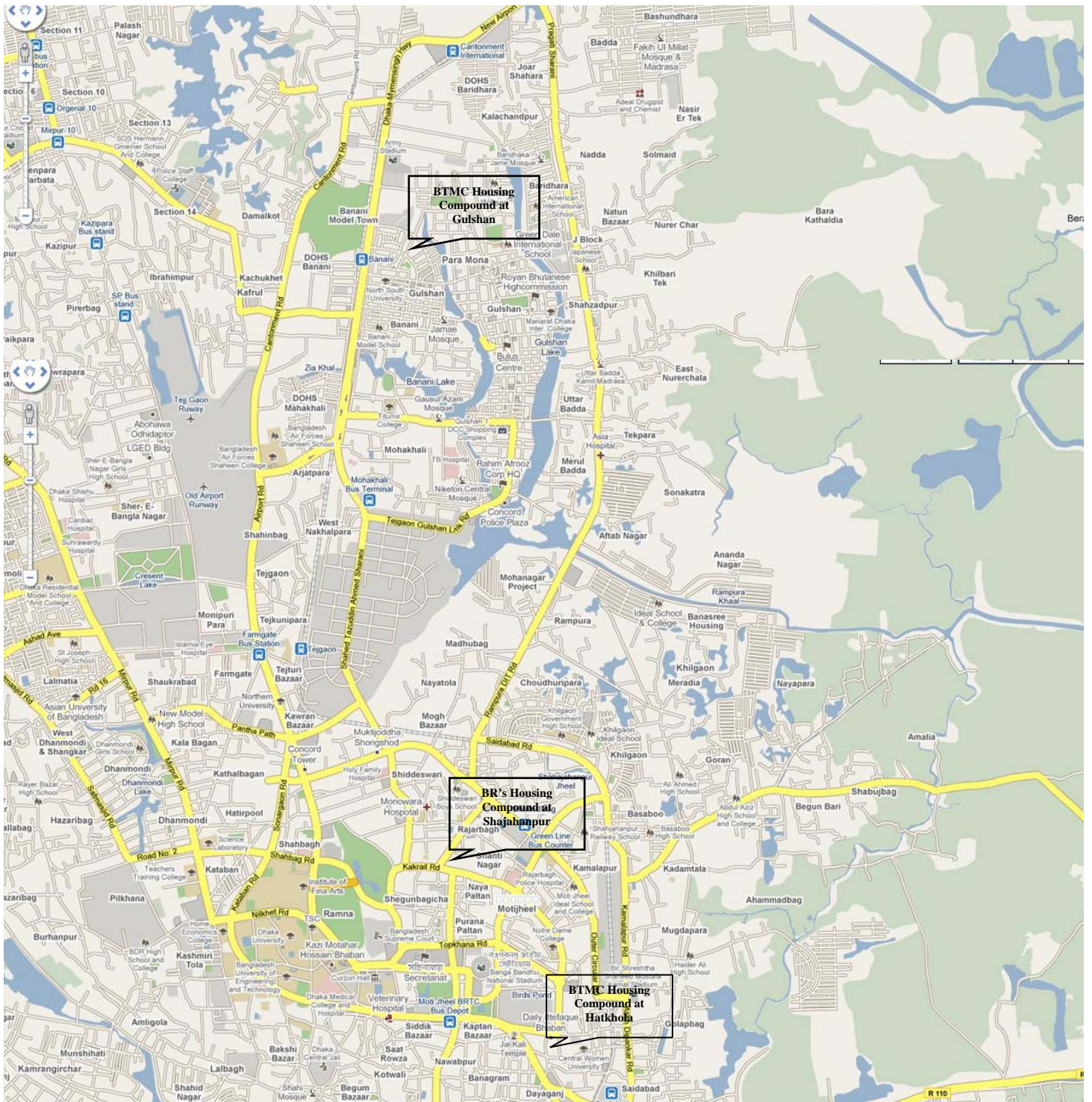
According to Bangladesh Railway (2007), the major uses of its land in different areas of Dhaka are as follows:

- i) construction of railway lines;
- ii) construction of administrative buildings; and
- iii) construction of house buildings, educational institutions, hospitals, clubs for its high ranked officials, etc.

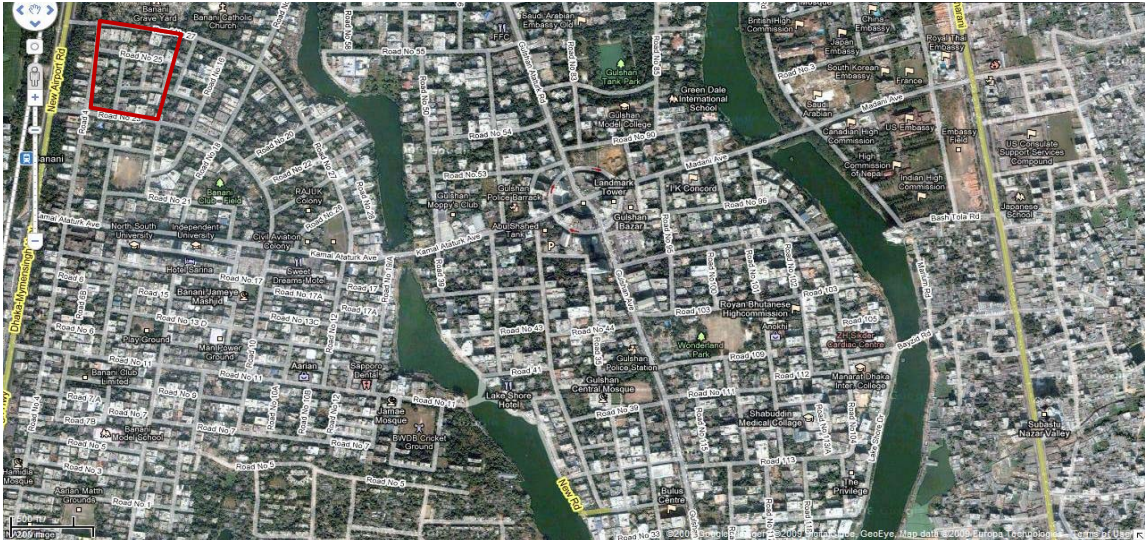
Housing quarters for the mid to high-level employees of Bangladesh Railway are very luxurious in terms of their spatial dimensions (Islam, 1996). In most cases, the floor space allotted to the employees' family members remains unused. Associated facilities, such as clubs, playgrounds, schools, mosques, etc., are constructed by overemphasizing residents' needs. Through the practice of overestimation, a large housing quarter has been constructed for high-ranked officials of Bangladesh Railway, named Shahjahanpur railway colony, which is located in downtown Dhaka (see Map 5.2.1d). Such overestimation of space has made much of the Bangladesh Railway residential areas underused. As a result, many of those unused spaces are being rather invaded and used by local powerful business elites for their personal uses and benefits (Islam, 1996). Understandably, residential density in the residential compounds is very low compared to the neighboring built-up areas, which raises the question of the privilege, and excess space, allocated to governmental high officials. A few slums have also been developed on the unused vacant land of Bangladesh Railway that, in another way, probably demonstrate the hidden supply of urban land, which could be allocated to other meaningful uses (Islam et al., 2006). Government-induced evictions in those places, however, are not uncommon.

Like Bangladesh Railway, similar issues are found with another state-owned company called Bangladesh Textile Mills Corporation (BTMC). BTMC has 600 acres of land nationally, of which 3.25 acres is situated within prime locations in Dhaka city. Such land is used primarily for office buildings and housing quarters, along with ancillary residential facilities, such as mosques, educational institutions, playground for the kids and young, etc. Land tenure in the residential areas is associated with the duration and termination of a job contract – known as 'tied tenure' – with BTMC. In Dhaka city, residential quarters of BTMC are located in Banani and Hatkhola (See map 5.2.1a), covering an area of 2.25 acres, which is around 70 percent of its total land coverage in Dhaka (BTMC, 2006). This means, on the one hand, that only 30 percent of the land is

dedicated to its principal purpose – i.e., office-buildings; the allocation of the major spaces to residential use implies an overemphasis of associated needs and hence an inefficient allocation of space (Islam, 1996). On the other hand, in terms of strategic location and economic potential, Banani is considered to be one of the most productive and prime locations for office buildings, business headquarters, diplomatic missions, and residential places for the foreign diplomats and upper income groups, etc. Using such high-potential land by very low-density residential development raises question about the role of urban planning agencies in Dhaka in utilizing scarce urban land and increasing the supply of urban land (Hasan & Kabir, 2002; Islam, 1996). Moreover, many of these areas of land, and the buildings built upon them, are also illegally occupied by business elites, influential politicians, etc.



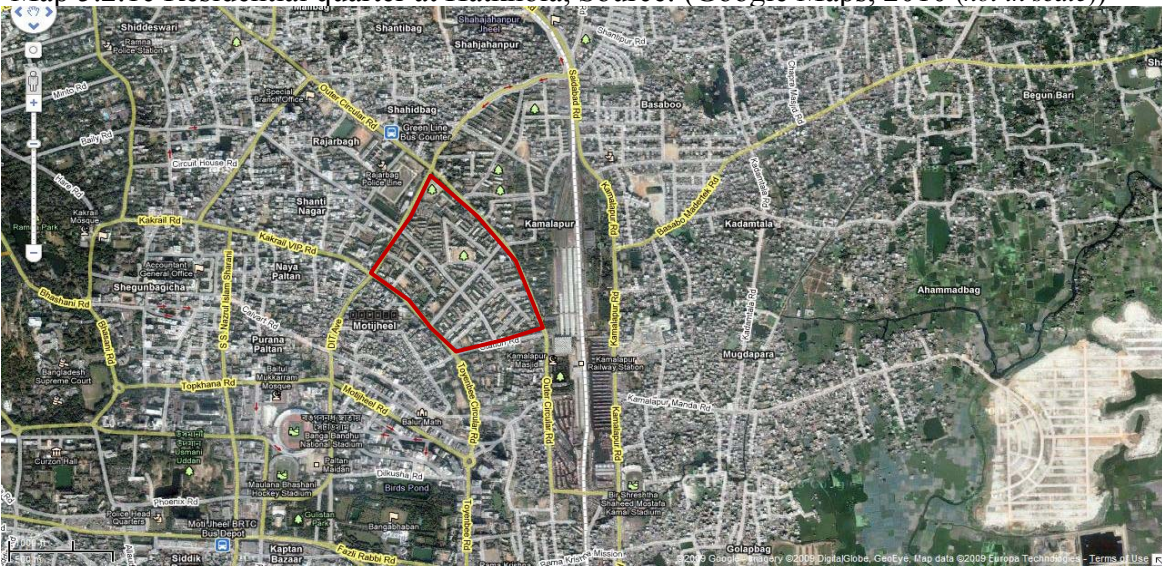
Map 5.2.1a Location of housing quarters (public land) of state-owned companies - Bangladesh Railway and Bangladesh Textile Mills corporations in Dhaka. (Source: Google Maps (not in scale))



Map 5.2.1b Residential quarter at Banani; (Source: Google Maps, 2010 *(not in scale)*)



Map 5.2.1c Residential quarter at Hatkhola; Source: (Google Maps, 2010 *(not in scale)*)



Map 5.2.1d Residential quarter at Shahjahanpur; (Source: Google map, 2010 *(not in scale)*)

Map 5.2.1b shows BTMC's residential quarter at Banani, which raises the question of the opportunity cost and scale of economy of being located there. As mentioned above, this area has a high potential for commercial development where the rate of return, in the forms of rents, financial profits, etc., is very high in comparison with other areas in Dhaka city. Another residential quarter in Hatkhola demonstrates low-density development compared to its adjoining areas (map 5.2.1c). Most notable are the differences in density observed in the Shahjahanpur residential compound (map 5.2.1d). Compared to its neighboring areas, density inside the compound is very low, a reflection of the enormity of luxurious spaces allocated for extra-privileged government officials.

CHAPTER SIX: HOUSING RIGHTS, NATIONAL HOUSING POLICIES AND DEVELOPMENT PLANS

This chapter begins by presenting a perspective on internationally recognized housing rights and the government's declarations and understanding of those rights. Low-income housing policies, strategies and proposals in national development plans, national housing policies, and the Dhaka Metropolitan Development Plan (DMDP) are examined to understand their power and legal strength to implement and enforce, and to offer solutions towards low-income housing provision in Dhaka city.

6.1 Housing Rights

Forced eviction of slums without proper notice and resettlement options is a violation of housing rights. Hence, the housing rights of the urban poor, homeless, and destitute have been recognized in many international and national declarations and charters (Rahman, 2008; Islam, 2006; Islam, 1996). However, the UNCHR emphasizes that the ultimate legal responsibility for establishing rights and preventing forced evictions rests with the respective government. The issue of housing rights against forced evictions is raised on many occasions in different regional and national forums (Rahman, 2009).

Being a signatory to many of international declarations and charters (see Appendix I; Box 1), Dhaka city is seemingly aware of its commitment. The national constitution of Bangladesh says it shall be a fundamental responsibility of the state to secure the provision of housing as one of the basic rights for its citizens (Rahman, 2009). The National Housing Policy (NHP), 1993 also reiterates the government's position, particularly for housing the urban poor and against their forced eviction from slum settlements. Along this line, it tries to meet some of the prerequisites to create an atmosphere conducive to upholding the housing rights of the urban poor and solving their housing problems (Islam, 2006). For example, the central government declared 'housing for all by the year 2000' as a national target, formed a housing ministry, undertook a study of severe housing problems in urban areas, and devised a few low-income housing and lending programs. Their impact has been slow and the frequency and mass movement of (forced) slum eviction by different governmental agencies has been noticeably reduced during recent years (Islam et al., 2009). Despite this, on a number of occasions the Bangladesh Legal Aid and Service Trust (BLAST), the Centre for Laws and Litigations (in Bengali, *Ain O Shalish Kendra* (ASK)) and others had to move to the High Court Division of the Bangladesh Supreme Court in order to challenge the forced eviction of slum dwellers. Such moves resulted in stay orders restraining eviction. Noticeably, most of the central government initiated efforts for low-income housing remain on paper without properly being broken down to further sets of effective actions for implementation (Rahman, 2009). This potentially raises questions about the government's inability, or lack of awareness, or lack of understanding, about the actual need for and significance of housing rights and housing programs for low-income people.

6.2 Low-Income Housing Provision in National Development Plans

The five-year plan is considered to be the national development plan in Bangladesh. These plans are but one of several instruments available to the government to meet the housing needs of all income populations. Housing has been given a good degree of importance in five different national development plans so far, though in reality programs and projects undertaken were not accorded the same level of significance (Rahman, 2008). On many occasions, it has been claimed that funds allocated for housing were diverted to other capital-intensive projects (e.g., *thana*²¹ infrastructure, flood embankment, an international convention centre, Ministers' bungalows, apartments for members of parliaments etc.) that could not be justified as priorities (Rahman, 2001). Such lowering of priorities by the government undermined the crucial and potential role of housing in urban development and economy (Hasan & Kabir, 2002; Rahman, 2001). Moreover, housing was alleged to be a consumptive good, and as such the government placed more emphasis on agriculture and the industrial sectors, which had visible and short-term returns to the economy (Rahman, 2009; Rahman, 2008). For example, to meet Dhaka's yearly housing requirement, at least Tk 7,500 million (USD 1.1 million) was needed in the mid-1990s while the nation-wide allocation was only 10 percent of that (Rahman, 2009) With this picture, this section aims at briefly exploring the objectives, policies, and strategies in development plans for low-income housing provision in Dhaka city.

6.2.1 1986-90: Third Five-Year Plan

From the third five-year plan,²² the government started to shift its role from provider to enabler, a move whereby the private housing sector (e.g., real estate companies, etc.) assumed a major role in housing (Rahman, 2008; GOB, 1986). Despite this move towards an enabling strategy, the rehabilitation of slums was considered to be the sole responsibility of the government (Rahman, 2008). Also, to encourage private investment, the government adopted a strategy of seed funds to develop small-sized service plots for the low-income group. Such seed funds were channeled through house building finance corporation (HBFC), but ended up mostly in the hands of upper-middle and high-income classes who had already access to formal finances such as bank loans (Hasan & Kabir, 2002).

During the third five-year plan, two low-income housing projects were carried out in Dhaka city - one of them was a squatter resettlement program at Mirpur, and the other was at Dattapara. Those projects were intended to accommodate about 5,000 families, applying sites and services scheme and the sale of plots through seed money of the government. Eventually, however, the majority of the beneficiaries of these projects were those other than low-income families (Rahman, 2001). Even many of those poor who were lucky and received plot ownership, sold them for quick income and returned to their previous living arrangements (i.e., slums) (Rahman, 2008; Rahman, 2001; Islam, 1996).

²¹ *Thana* is the third-bottom hierarchical tier in the administrative division in Bangladesh. There are 525 *thanas* in Bangladesh, 10 of them are located within the Dhaka Metropolitan Statistical Area (DMSA).

²² Housing policies in the first and second five-year plans are somewhat similar.

6.2.2 1990-95: Fourth Five-Year Plan

In a gradual shift towards an enabler's role, the government decided to intervene only to plan and develop land, infrastructure and services; and to arrange finance. But for the urban poor, the government promised to continue all necessary supports for their housing provision. Under this plan, the government decided to encourage private-public cooperation in meeting housing demand for all income populations (Hasan & Kabir, 2002). Hence, separate guidelines were prepared for collaboration between the public and private housing sector. Despite these guidelines, there is little evidence of public-private collaboration for low-income housing in reality except for the 'Bhasantek rehabilitation project', the success of which is yet to be seen.

6.2.3 1997-2002: Fifth Five-Year Plan

Under the fifth five-year plan, development of low-cost multi-storey buildings for the urban poor, as well flats for the government employees let on a hire-purchase basis, was envisioned (GOB, 1997). But the Housing and Settlement Directorate (HSD) put a dominant focus on employers' houses only. Therefore, nothing substantial was accomplished during this period except for some limited small-scale housing credits and building flats in Bhasantek, which are still under construction and yet to be allocated to the targeted beneficiaries (Bari & Efrogmson, 2009; Rahman, 2009).

As a part of government's enabling strategy, 'sites and service' schemes were commonly proposed for low and middle-income houses (GOB, 1997). However, in practice, houses produced by this scheme became so expensive that they were out of reach for the targeted populations (Rahman, 2001). One noticeable policy prescription in this plan was for optimum utilization of *khas* land to increase the land supply for low-income housing in Dhaka city. However, practically there were no effective actions taken to properly estimate, revive, and prepare a *khas* land bank for Dhaka.

6.3 National Housing Policies (NHP)

The National Housing Policies (NHP) were approved and readily available in 1993. The government put forward an amendment to the NHP, 1993, offering an updated version in 2004, which is still awaiting government's final approval (Rahman, 2009; Islam, 2006). Hence NHP, 1993 is considered to be the available approved official policy for housing provision. The long time gap (i.e., 11 years) in amending the national housing policies led to concerns as to whether NHP 1993 would be able to cope with the existing and emerging challenges of urbanization and poverty in Dhaka. This is also a clear violation of the policy statement presented below. The key policy statements under the NHP, in line with housing for the urban poor, are given as follows:

- i. The urban poor will be on the priority list in receiving the advantages of housing programs where different prices will be offered at the level of their affordability;
- ii. Suitable financial institutions and an associated legal framework will be developed to mobilize funds for housing through personal savings and other financial inputs;

iii. New strategies, and revisions to existing housing policies, will be developed over the time to cope with the emerging housing needs in the country.

The NHP, 1993 prescribed the gradual mobilization of required resources from the government to the private sector, which in turn was expected to support the government's role as an enabler, while retaining its role as a provider for the urban poor (Hasan & Kabir, 2002). Under this strategy, the government is to facilitate the provision of access to land, infrastructure, and services for the low and middle-income people, while the actual role for house construction is left to the private sector developers (e.g., real estate companies), people themselves, and the NGOs. Another prominent strategy is to emphasize different levels of affordability and personal savings amongst low-income people. If necessary, they are to be given low-interest loans for income generation, house construction, and space for running business of different kinds. But the strategic provisions of the NHP, 1993 are not completely adopted in reality, an affordable housing program for the urban poor has not been put forward, and no regulatory laws or legislations have been enacted to support it. Therefore, the NHP does not give much legislative support and protection to the urban poor (Rahman, 2001). The question is therefore left to be answered as to whether there is any barrier to enforcing housing policies through legitimate legislations. As a consequence of the paucity of any legislative power, no political government has been successful in establishing housing rights and preparing plans that truly take care of the affordable housing needs of the urban poor living in the slums of Dhaka city. Instead, public agencies have actively evicted slums and made the land available for profitable luxury development, offices, and commercial spaces without being respectful to what the government pledged to national policies and international communities (Rahman, 2009; Islam, 2006; Islam, 1996). The government also disregards the fact that slum dwellers are involved in a wide variety of jobs, that others would not do, in order to keep the city running (Rahman, 1990). Apparently, the government is unable to understand the actual role of the urban poor in the city economy.

6.4 Dhaka Metropolitan Development Plan (DMDP) and Housing the Urban Poor

In 1995, RAJUK started to prepare the Dhaka Metropolitan Development Plan (DMDP) for Dhaka city, through a strategic planning approach (Bari & Efrogmson, 2009). This plan was considered to be different in nature from previous plans, bringing flexibility and dynamism in response to the changes along the way. The approach could be termed as 'time-phased focuses', from a long-term vision to a detailed physical plan on the ground (DMDP, 1995), as is shown in figure 6.4a.

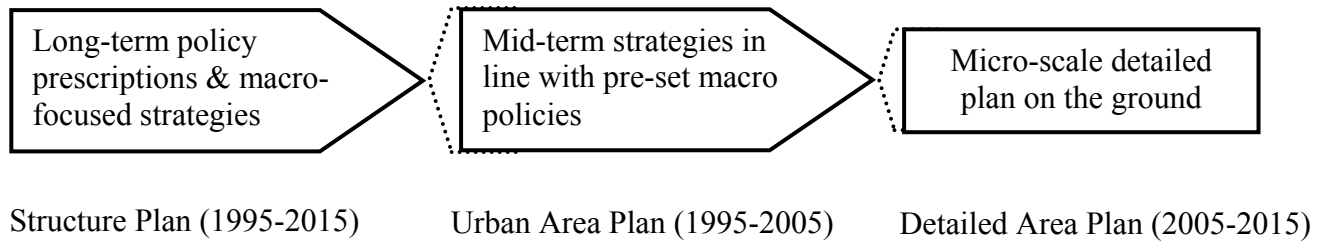


Figure 6.4a Bi-directional hierarchical stages of DMDP (Source: own construct from DMDP, 1995)

6.4.1 Structure Plan (SP) (1995-2015)

Under the government’s consistent commitments to shifting its role towards an enabling strategy, it is important to elaborate upon the long-term policies and strategies of the Structure Plan. The Structure Plan prescribes that the government should only intervene in an enabling capacity to remove existing impediments in the supply, transfer, and regulation of land for low-income housing; along with supporting and facilitating actions to increase the operations of the land and housing markets that favor low-income households (DMDP, 1995).

6.4.2 Urban Area Plan (UAP) (1995-2005)

Specific guidelines are prepared under the Urban Area Plan (UAP) in compliance with the structure plan policies. For upper-middle and high-income populations, a sites and services scheme and multi-storey apartment facilities are proposed; while some form of land tenure security, whereby community participation will be ensured for operation and maintenance of basic services, is proposed for low-income populations (DMDP, 1995). As there is no indication of the proposed form of tenure security, assumedly it was to be specified in the detailed area plan. Though the UAP proposes the gradual relocation of the urban poor to safer and healthy places in Dhaka city, there is no suggestion of the possible time duration for such relocations. The UAP admits that low-income people are capable of organizing themselves as a community and mobilizing community resources and efforts through the right political and institutional frameworks and partnerships with other agencies (ibid.). This admission, however, does not advance to constituting an understanding of the type of resources available to the urban poor for partnership and the available agencies willing to be partners with the low-income community. These questions are not answered through the detailed area plan.

6.4.3 Detailed Area Plan (DAP)

The Detailed Area Plan (DAP) recognizes the fact that slum dwellers are important contributors to city resources and form an indispensable sector, providing various kinds of skilled and unskilled services to enrich city life and facilitate its functions (Bari & Efrogmson, 2009). In order to provide low-income houses for an approximate 4.5 million

projected slum dwellers, the DAP proposes a number of progressive policy directives, amongst which the key directives are discussed below.

Sites and services based residential plots will be allotted to low-income people along with ownership. The DAP recommends that the beneficiaries either buy or lease the allotted land with the assistance of loans (Bari & Efroymson, 2009), but how the urban poor will be given access to the formal loan service is still unknown and no specification is made along this line.

Slum upgrading and development proposal: The DAP proposes to employ settlement upgrading approaches for the existing slums under the DAP study area C (Main Dhaka city) and also to develop low-cost housing in different parts of Dhaka city (Map 6.4.3a). The slum upgrade approach is proposed for some areas – including Jhilpar slum, Islambagh, and Shahid Nagar – through community development action plans (DAP, 2008). Bari and Efroymson (2009) argue that low-cost housing development proposals are hypothetical in nature (see table 2 in Appendix I). In reality, this proposal does not contain answers to important land use questions, such as:

How much land will be assigned for slum development and from where would any additional requirement of land be met?

How many people will be rehabilitated under low-cost housing development initiatives, and from where?

Are the slum dwellers willing to move to the allocated lands?

Will the slum dwellers be given tenure/property rights at their existing locations with the right to transfer? If so, how?

Relocation of slum dwellers: Although the DAP policy recognizes the need for providing housing for the urban poor near their workplaces, while detailing practical actions it proposes exactly the opposite, i.e. to relocate majority of the projected 4.5 million (approx.) slum dwellers to surrounding areas outside central Dhaka city (Study Area C). Such areas are generally less attractive in terms of access to work and other facilities (Bari & Efroymson, 2009). Similarly, anti-housing-policies proposals are made in the DAP, such as evicting slums from West Zafrabad (19.84 acres) of DPZ²³ (detailed area planning zone) 8, Mohammadpur Bihari Camp (13.5 acres), and Bari Bagh (279.87 acres) and relocating them to the northern Dhaka (Mirpur DPZ-12, 13) under low-cost site and service schemes within 18 existing slums (ibid.). This raises questions about the justification for proposed relocation to such areas. There is apparently no study suggesting that relocation to the Mirpur area would be optimal. Moreover, there is also no guideline for the proportion of slum areas that will be developed under in situ upgrades and through relocation. These concerns, however, are discussed and analyzed in chapter ten with reference to the empirical findings of this study.

Land Banking: The DAP proposes to buy chunks of lands at market prices in designated areas to ensure drainage facilities, eco-park development, and greenbelt open space, as well as to distribute land to the poor or for other development efforts. It proposes to

²³ Under DAP there are 26 spatial planning zones (SPZ) which have been further divided into 10 detailed area planning zones (DPZ) for the preparation of an effective detailed area plan.

include two urban peripheries under the land banking schemes, including low-lying areas of the eastern and western fringe, land north of Bhasantek, and the southwestern part of the new airport (DAP, 2008). But the low-lying wetland nature of these proposed areas, acting as reservoirs for natural drainage, raises questions regarding whether the conservation policy of wetland areas will permit these water bodies to be earth-filled in preparation for the above development.

Low cost housing development initiatives: With the increasing rate of the urbanization of poverty, the proposed DAP’s low-cost housing programs will meet the growing needs for low cost housing development within Dhaka city in theory alone (Bari & Efrogmson, 2009). On this note, it would seem odd that the DAP proposes to allocate 81,586 acres of land (34 percent of available space) for around 4.4 million people in outer Dhaka for housing development under private sector initiatives at market price, whereas only a tiny fraction of that amount i.e., 745 acres of land (0.3 percent) and 18 already crowded existing slums in the outskirts of Mirpur (DPZ-12 and13) are proposed for projected 4.5 million slum dwellers (see figure 6.4.3a) by the year 2015 (ibid.). This implies that allocated space for low-cost housing development is less than one-hundredth (1 percent) of the area provided for housing development and would likely result in densities as high as 6,040 persons/acre, which is seemingly unsuitable for human habitation. Then why does government prescribe such a skewed and distorted proposal that will not benefit the urban poor at all? The nature of the skewed distribution is demonstrated by the fact that the total allocation of land for low-cost housing is less than 50 percent of the allocated land for RAJUK’s ongoing Purbachal high-income housing development project, which comprises 1,688 acres of land for only about 100,000 people who are actually a very tiny fraction (i.e., 0.0022 percent) of the total number of projected slum dwellers of 4.5 million (Bari & Efrogmson, 2009). Such unrealistic prescriptions in the DAP raise concerns about the rationality of making hypothetical proposals for the urban poor that barely comply with the aforementioned national housing policies, structure plans, and urban area plans. Contrarily, neither is there an explanation of the very high proportion of land being allocated for the high-income housing projects.

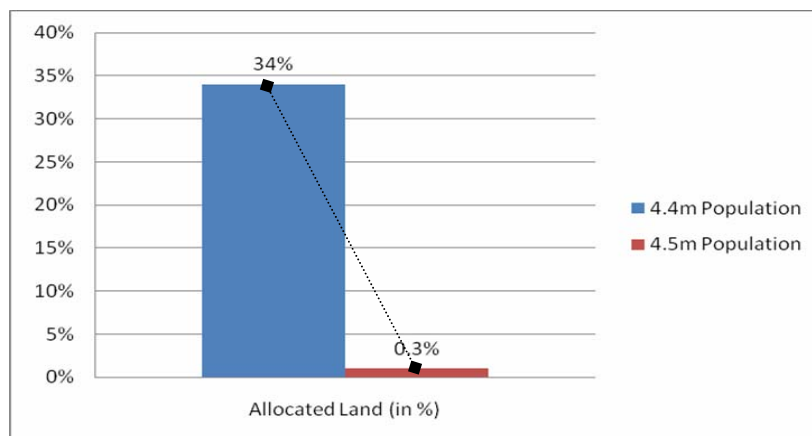
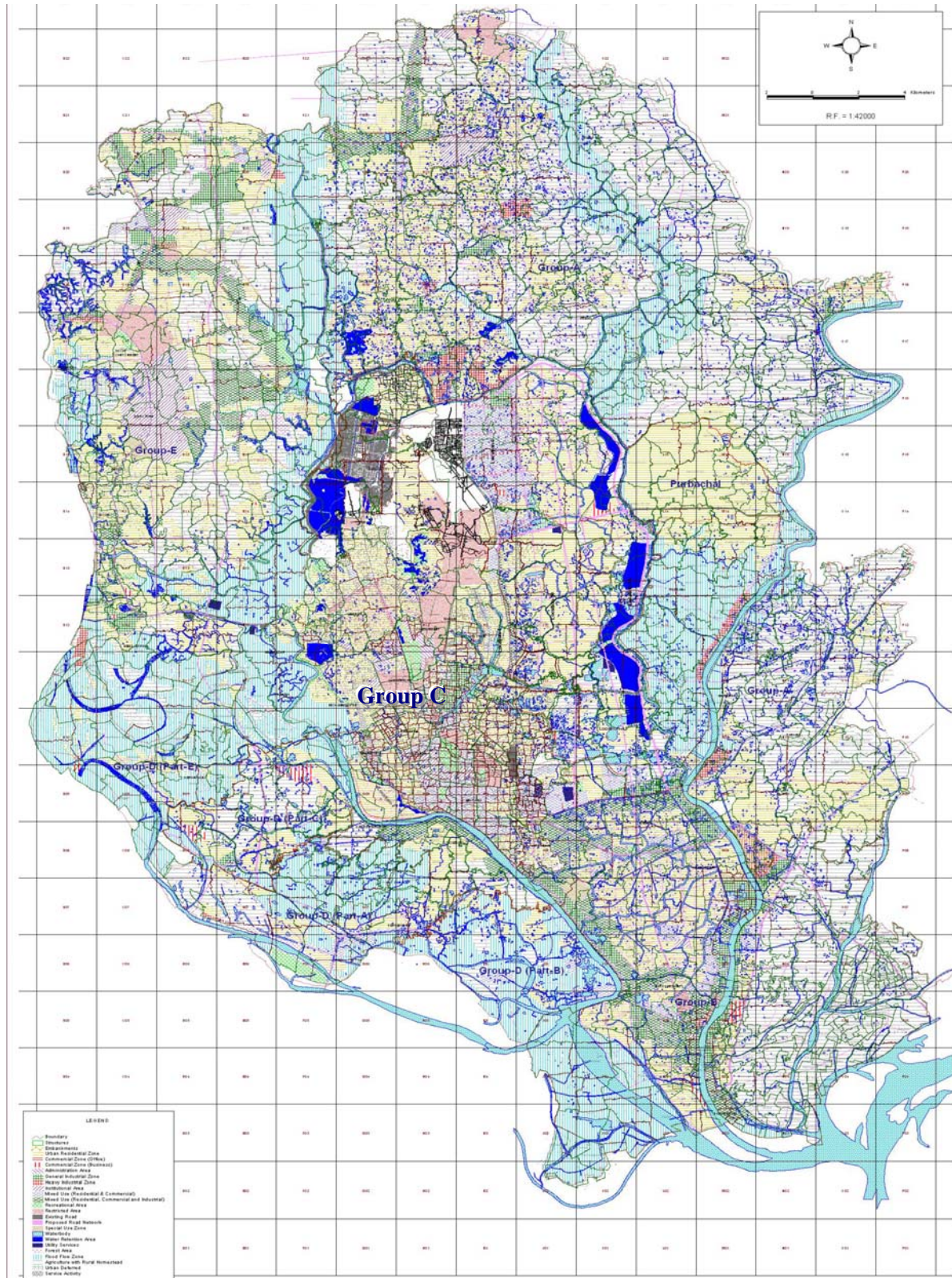


Figure 6.4.3a Comparison between proposed distribution of urban land among the poor and others; (Source: Own construct from Bari and Efrogmson, 2009)



Map 6.4.3a Dhaka Structure Plan (1995-2015) showing future plan of Dhaka city; (Source: DAP, 2008)

CHAPTER SEVEN: HOUSING GATEKEEPERS AND LOW-INCOME HOUSING PROVISION

7.1 Gatekeepers of the System

In this study, private and public housing agencies that are directly and indirectly engage in governance for housing the urban poor are referred to as ‘gatekeepers’. In the private sector, the role of private real estate developers, along with the NGOs (i.e., the Grameen Bank and BRAC), in low-income housing is described. The causes underpinning real estate companies’ failure to operate in compliance with national housing policies and behind their dominant focus on the upper-middle and high-income housing projects are also presented. This failure is demonstrated by the performance of two leading private real estate companies in Dhaka - Eastern Housing and Sheltech Ltd. In the public sector, the responsibilities and performances of RAJUK, the NHA, DCC, HBFC, etc. in creating housing provision for the urban poor are explored. The performance of these gatekeepers is measured by discussing key low-income housing projects undertaken for slum dwellers in Dhaka city.

7.1.1 Housing in Private Sector

Due to the continual shift of governmental roles from provider to enabler, the private sector became the prime gatekeeper of the housing system. In other words, real estate developers, non-government organizations (NGOs), and owners themselves are primarily responsible for meeting the housing demand of all income populations (Rahman, 2008; Islam et al., 2006). This section discusses housing initiatives undertaken by real estate companies and NGOs, through the lens of targeted beneficiaries and an account of the affordable housing demand of the urban poor in designing low-income housing projects.

Real Estate Developers and their Business-as-usual Focus

Currently, more than 283 real estate companies operate in Dhaka’s housing market under the umbrella of the Real Estate and Housing Association of Bangladesh (REHAB) (Rahman, 2008). Since the late 1980s, each year on average 7 new real estate companies have come into operation, a growth rate that demonstrates the lucrative nature of housing as an investment sector (Farzana, 2004). Despite the high proliferation and large number of real estate companies, the housing situation has remained aggravated with high prices for land and apartments resulting, partly, from the scarce supply of land. Depending on their location and size, the average cost of apartments in Dhaka varies from USD 20,000 to 120,000, a cost which is only affordable to high-middle and high-income people (Rahman, 2008).

Real estate developers supply about 95 percent housing in Dhaka while public agencies supplied the rest i.e., 5 percent (Hasan & Kabir, 2002). During the last 20 years, REHAB collectively created housing units for almost 20,000 families who belong to high-income populations (Seraj, 2001). Does this fact imply that the majority of the housing provided by real estate developers is meant only for high-income people at the exclusion of the

urban poor? Table 7.1.1a presents average apartment prices in different locations in Dhaka, perhaps supporting the position that housing arrangements made by real estate developers are not meant for low-income populations. Farzana (2004) shows that a large number apartment projects are concentrated in Gulshan, Dhanmondi, Banani, Baridhara, Uttara, Shantinagar, Lalmatia, etc. - areas that are known to be inhabited by the upper-middle and high-income people. Therefore, real estate companies predominantly invest in those areas where there is a visible and very high amount of profit to be made (Islam et al., 2006; Farzana, 2004). Conversely, there are as such no apartment or housing projects for Dhaka's urban poor, although the real estate companies are the prime and prominent actors in housing for all (Rahman, 2009; Seraj, 2001). On the one hand, this is driven from the general convention that the urban poor have a low level of income and do not have access to any formal financial services (e.g., housing loans) (Seraj, 2001; Hoek-Smit, 1998). On the other, this situation has resulted from the absence or lack of any supportive legislation to enforce national housing policies and development plans where the real estate companies have pledged to play the prime role for low-income housing too (Rahman, 2008). With this in mind, another question remains to be answered: what prevents the government from enforcing the policy statements of relevant pieces of legislation? In chapter ten this question is addressed and discussed in conjunction with the empirical findings of this study.

Table 7.1.1a Average size and price of residential apartments by various real estate companies in Dhaka

| Location | Size of Apartments (Sq. m.) | | Price of Apartments (USD/Sq. m.) | |
|---------------|-----------------------------|---------|----------------------------------|---------|
| | Range | Average | Range | Average |
| Banani | 127-221 | 174 | 307-342 | 124.5 |
| Baridhara | 105-279 | 192 | 364-400 | 382 |
| Dhanmondi | 110-270 | 190 | 317-428 | 372.5 |
| Elephant Road | 102-156 | 129 | 257-291 | 274 |
| Gulshan | 123-548 | 397 | 310-446 | 378 |
| Green Road | 70-163 | 116.5 | 257-291 | 274 |
| Lalmatia | 92-200 | 146 | 274-317 | 295.5 |
| Mirpur | 70-130 | 100 | 253-257 | 255 |
| Mogbazar | 78-157 | 117.5 | 257-300 | 278.5 |
| Mohammadpur | 74-145 | 109.5 | 266-300 | 283 |
| Niketon | 84-198 | 141 | 253-360 | 306.5 |
| Segunbagicha | 90-170 | 130 | 257-314 | 285.5 |
| Shamoly | 77-105 | 91 | 240-257 | 248.5 |
| Shantinagar | 84-166 | 125 | 257-280 | 268.5 |
| Siddeshwary | 82-165 | 123.5 | 274-291 | 282.5 |
| Uttara | 113-255 | 184 | 257-308 | 282.5 |

(Source: Adapted and revised from Farzana, 2004)

(Currency is exchanged from Taka to USD with the following rate: USD 1 = 68 Taka)

Eastern Housing Limited

Eastern Housing Ltd. (EHL) is the oldest and one of the largest real estate developers in Dhaka engaging in housing projects dominantly located in Gulshan, Banani, Dhanmondi,

Baridhara, Kamlapur (next to the Mothijheel commercial area), Eskaton, Moghbazar, Segunbagicha, Uttara, Kakrail, and other areas (Map 7.1.1a) (EHL, 2009). Without exception, it has a pre-dominant focus on upper-middle and high-income populations, and this is reflected in the location of previous and ongoing projects (Rahman, 2008). Generally, affordability for these high-priced housing units is beyond the means of low-income people.

It is important to look at the financial scheme of EHL's apartment projects to understand the impediments in getting access to its housing services, especially, by the urban poor. Its financial scheme includes down payment, a number and amount of installments, installment duration, etc. Prospective owners of each apartment are required to pay 30 percent as a down payment (which is a large amount) followed by a bi-monthly installment of the remaining sum over four years. On most occasions, the buyer intends to seek bank loans and EHL helps to arrange 30 to 35 percent loan from the commercial banks subjected to the buyer's choice and their assets (EHL, 2009). Generally, the buyers are granted housing loans in line with the bank's conventional regulations and practice, whereby low-income people have no access.

Sheltech Private Limited

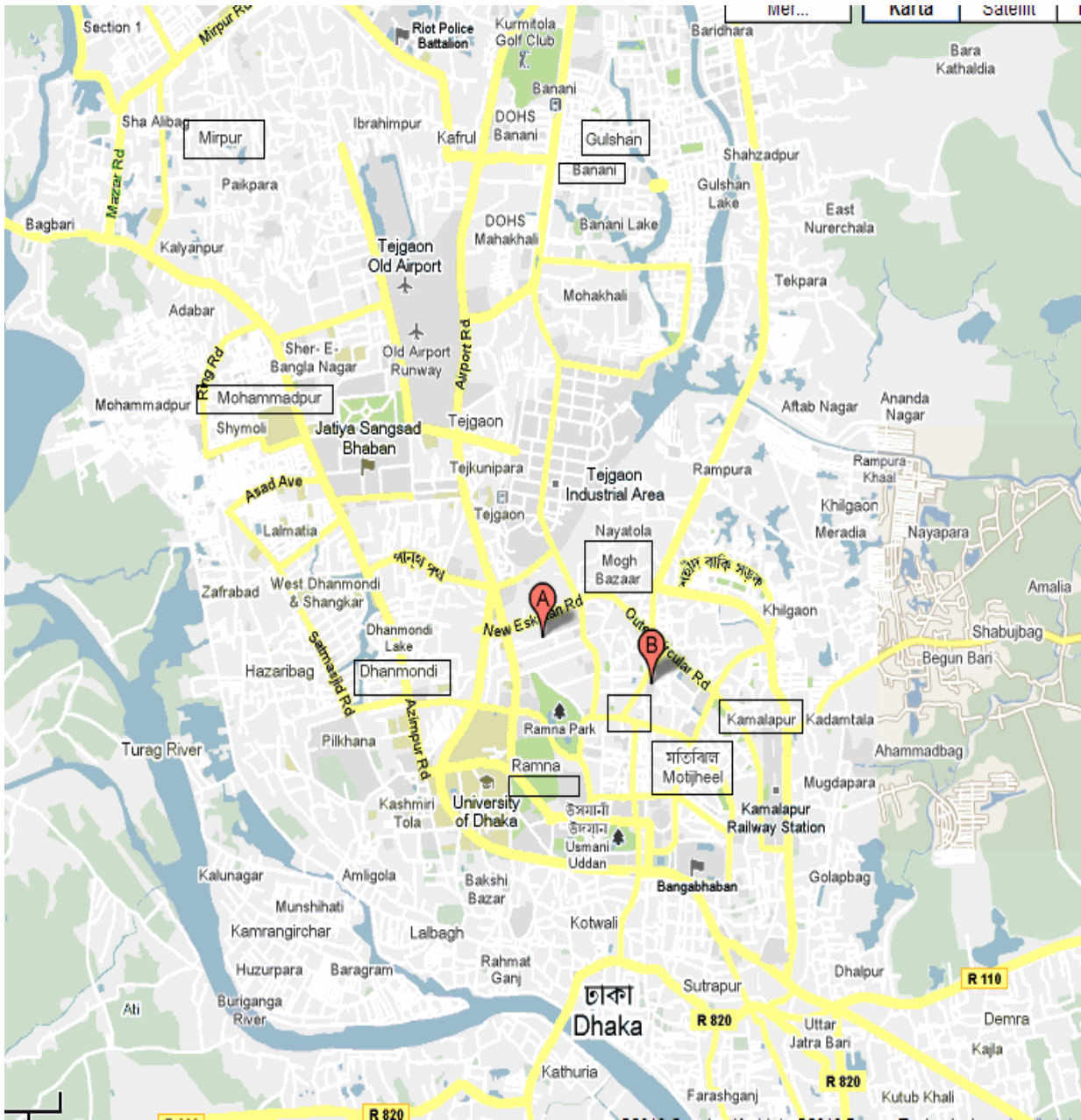
Sheltech Private Ltd. is a multi-disciplinary firm engaged in various activities related to real estate consultancy, construction, and other associated businesses (Sheltech, 2009). Like EHL, Sheltech's apartment project are also located in the prime locations of Dhaka including Gulshan, Uttara, Baridhara, Banani, Shantinagar, Elephant Road, Moghbazar, and Mohammadpur area. A number of land development projects by Sheltech are located in Ashulia, the area furthest north of Dhaka and close to Uttara, where Dhaka is potentially expanding. There the land has been subdivided into residential plots with a sites and services scheme. The average price of this outskirts land is USD 141 per square meter and its target group is the upper-middle and high-income populations though the project is declared as a low-income land development project (Farzana, 2004). However, had these lands been affordable by the poor, would they have been moved to Ashulia, which is far from workplaces and where transport infrastructure is poor?

Sheltech also has a similar type of financial scheme (e.g., arrangement of bank loan, duration of installments, etc.) for apartment projects. On some occasions, it offers its clients up to 50 percent provision for bank loans against the amount of wealth and assets at the client's disposal (Sheltech, 2009).

Housing by Non-Government Organizations (NGOs)

More than 3,000 NGOs operate in rural areas, along with a few in urban areas, and their operational mechanisms are different from other housing gatekeepers (e.g., real estate companies, etc.) (Rahman, 2008). Among them, around 20 to 25 percent are involved in housing programs (Hasan & Kabir, 2002), which make them one of the indispensable actors in the housing market. However, housing development programs are not the prime focus of most NGOs, but rather constitute a secondary one. They have primarily adopted

housing programs under rehabilitation programs, especially after frequent disasters, such as flood, cyclone, etc. (ibid.). NGO-operated housing projects, therefore, are generally located in disaster prone areas where a number of approaches are practiced, such as lending (or grant) money for house repair, providing building materials and technical assistance, while some others practice a mix of these approaches (Rahman, 2008). The aim of this section is to examine the functional approaches of two leading NGOs, the Grameen Bank and BRAC, in providing housing provisions for the low-income people and obstacles to operate in urban areas.



Map 7.1.1a Housing projects by real estate companies in different parts of Dhaka city (Source: Google Map, 2009) (not in scale)

The Grameen Bank

The Grameen Bank is the largest micro-financial institution in Bangladesh offering housing provision for the rural poor beside poverty alleviation programs (Hasan & Kabir, 2002). The bank does not see housing as consumption good, but as a vital investment area for the economic and general wellbeing of family members (Islam, et al., 2006). It offers several types of rural housing loans,²⁴ the interest rate for which is 8 percent per annum to be repaid within a period of maximum 10 years (Hasan & Kabir, 2002; Barua & Dipal, 1999). The rural nature of its housing provision operations can be questioned. This is, perhaps, due the fact that the housing loan is associated with income-generating loans that are rurally based. Moreover, housing loans are provided without collateral and without signing any legal instruments, although the borrower must possess some form of tenure security, which is absent in the slums of urban areas i.e., in Dhaka city (Bernasek, 2003; Hasan & Kabir, 2002). The borrower only requires to sign an individual pledge, which includes the repayment obligation, and the borrower must obtain a pledge from all group members that commits them to repay in the case that the borrower fails to do so (Mainsah et al., 2004). This scheme is a little different from Grameen Bank's income-generating loan program where other members of the group create social pressure to make the borrower properly invest and use the money (Hasan & Kabir, 2002). Due to such consistent and close supervision by the group members, housing loans have benefited a large number of the poorest of the poor who are mainly landless and homeless rural people who at least have a tenure security (Yunus, 2009b²⁵).

With just over one and a half times more funds disbursed by the house building finance corporations (HBFC) – Tk. 94 crore (USD 13.8 million) against Tk. 66 crore (USD 9.7 million) – than by Grameen Bank for rural housing, Grameen Bank has reached 10 times as many people, and obtained a 98 percent recovery rate compared to HBFC's 15 percent (Rahman, 2008). This demonstrates the effectiveness of its operational mechanism over state-owned operations (for example, HBFC).

BRAC

BRAC's housing development is a secondary program, running simultaneously with micro-credit programs to ensure that borrowed money is being invested in income-generating activities so that housing loans can be recouped in due course of time (Hasan & Kabir, 2002). BRAC connects housing loan with creating a better housing environment that is conducive to home-based small-scale entrepreneurship. Members who have successfully repaid income-generating loans are eligible for a housing loan (which is, however, smaller than that offered by the Grameen Bank) (Rahman, 2008).

²⁴ i) The *moderate housing loan* program has a current loan maximum of Tk. 25,000 (USD 367.65); ii) the *basic housing loan*, which was introduced after the floods of 1987, has a loan maximum of Tk. 12,000 (USD 176.47); and iii) the *pre-basic housing (PBH)* loan, amounting to Tk. 7,500 to 8,500 (USD 110.29 to 125), which was introduced in order to meet housing demand in the northern part of the country.

²⁵ <http://www.youtube.com/watch?v=Ti04AOiSHNg&feature=related> On 29 May 2009, Nobel laureate Professor Yunus spoke to a packed audience at RIBA as part of the British Council's 75th anniversary lecture series 'Talking without Borders'.

In 2008, with assistance from BRAC, around 4,000 houses were repaired in rural areas with grants of up to USD 660-689 per family, in families where members were people with very low income, such as day laborers, sharecroppers, and petty traders (BRAC, 2008). However, BRAC's housing loans comprise only around 3 percent of its total disbursements, which appears to be insignificant compared to the housing need (Rahman, 2008; Hoek-Smit, 1998). One major reason for this is that BRAC founded Delta-BRAC Housing Finance Corporation Ltd.²⁶ in 1997 which appeared to be a specialized housing finance institution providing financing for low-cost housing in Dhaka city (BRAC, 2008). It turns out that the beneficiaries of this financing become the upper-middle and high-income population because the Delta-BRAC Housing Finance Corporation approves loans for house construction, apartment purchase, extension or improvement of existing houses or apartments, and purchase of housing plots, etc. following conventional banking regulations where land ownership must be produced as collateral for loans, a requirement which automatically disqualifies the urban poor and diverts the focus to wealthy people (Hasan & Kabir, 2002).

7.1.2 Housing in the Public Sector

This section demonstrates the direct (e.g., housing programs) and indirect role (e.g., urban services such as water supply, drainages, sewerage, electricity, etc.) of public housing agencies with respect to low-income housing provision in Dhaka city. Some seminal middle- and low-income housing projects are discussed in order to understand the actual role of government in designing and implementing those projects against their formal commitments.

In the public sector, no single agency is entirely responsible for the execution of any housing project, but a number of agencies act within their respective capacities (Khan, 2003; Siddiqui, 2000). Figure 7.1.2a, b, and c show the housing agencies that are operational under the three different ministries. To offer a wide picture of organizational commitment to low-income housing, the respective roles and responsibilities of the relevant agencies (figure 7.1.2b) are briefly described below.

National Housing Authority (NHA)

The National Housing Authority²⁷ (NHA) is an important agency of the central government engaged in supplying land and housing provisions for all citizens at all income levels. Its key role and responsibility is to execute policy statements prescribed in national housing policies that, in turns, make NHA play its potential role both as an enabler and, if needed, as a provider (NHA, 2008). NHA has supported a number of

²⁶ Delta-BRAC Housing Finance Corporation Limited is a corporate body of five shareholders namely, the Delta Life insurance company, BRAC, the Green Delta insurance company, the International Financial Company of the World Bank, and the Housing Development Finance Corporation Limited of India (Hasan & Kabir, 2002).

²⁷ In the light of the National Housing Policy (1993), the National Assembly has adopted and approved the National Housing Authority (NHA) Act, 2000. According to the Act, the Housing and Settlement Director (HSD) and the Deputy Commissioner of Settlement (DCS) offices are abolished and merged into a new organization called NHA (NHA, 2008).

housing, slums resettlement projects (with sites and services scheme), and refugee rehabilitation schemes targeting low- and middle-income populations adequacy and benefits of these projects within a question mark though (UNCHS, 2001).

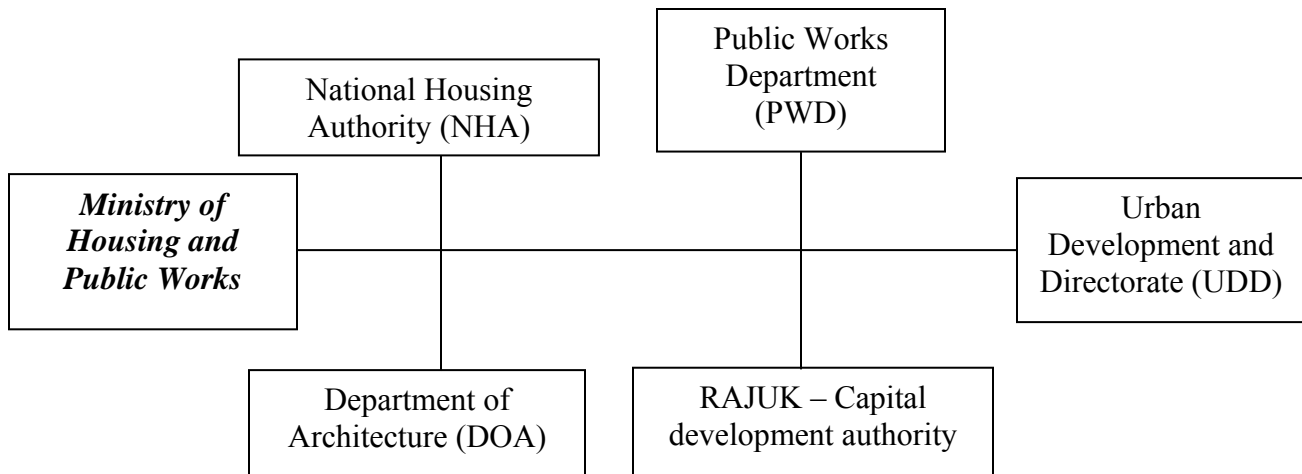


Figure 7.1.2a Departments under the Ministry of Housing and Public Works
(Compiled from Hasan and Kabir, 2002)

RAJUK

Under government’s promotional strategy, RAJUK has become the prime public agency responsible for housing provision for the urban poor in Dhaka. Under enabling (as well as provider) strategies, RAJUK is responsible for strategic development plans and developing housing facilities for all citizens at all income levels, especially the urban poor (Bari & Efrogmson, 2009; DAP, 2008). RAJUK has carried out and still maintains a number of housing development projects with sites and services schemes, but all of them eventually ended up benefiting upper middle- and high-income populations only (Rahman, 2009; Hossain, 2006).

‘Sites and services schemes’ are the most commonly proposed and implemented approach for many low-income housing projects, and they turn residential areas into very expensive neighborhoods (Rahman, 2001). Rahman (2001) argues that, under the umbrella of public agencies, RAJUK has been operating as a typical real estate company in the housing market. It is also accused of being the most prominent government organization that serves only the interests of the rich and powerful in the name of all income populations (Islam et al., 2006; Islam, 1996).

Department of Architecture (DOA)

The Department of Architecture (DOA) is responsible for the architectural design of the majority of the government housing projects (for the mid- and high-class public employees), hospitals, auditoriums, etc. (Hasan & Kabir, 2002). Despite organizational responsibility to potentially design housing projects for low-income populations too,

DOA literally has no focus on this. Rather, the predominant focus lies on providing housing facilities the public employees (Rahman, 2001).

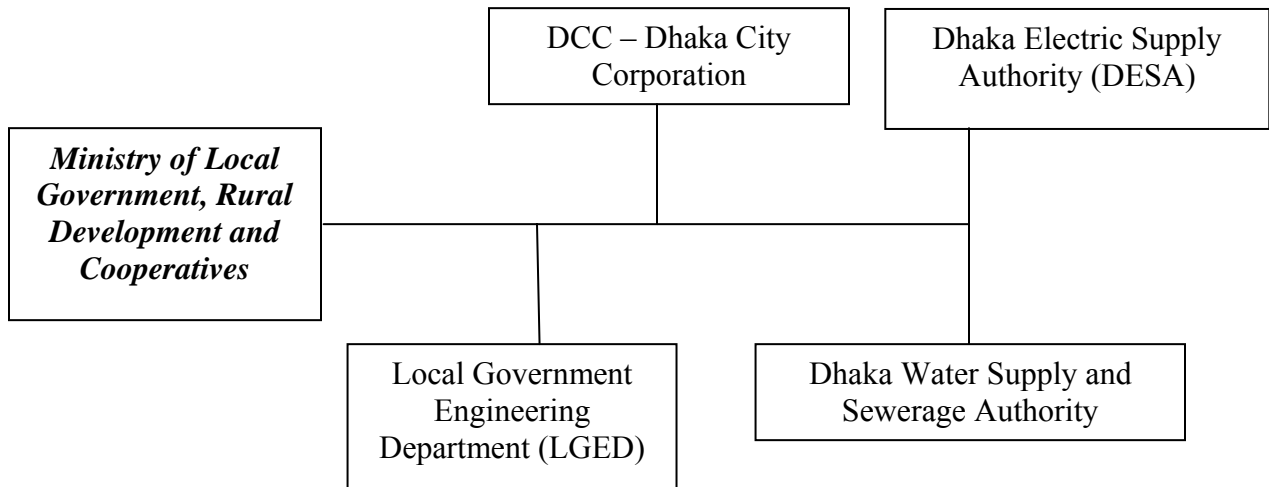


Figure 7.1.2b Public housing agencies headed by the ministry of local government, rural development and cooperatives (Compiled from Hasan and Kabir, 2002)

Dhaka City Corporation (DCC)

The Dhaka City Corporation (DCC) is responsible for the construction and maintenance of infrastructure and services (e.g., drainage, roads, limited supply of water to slum areas, etc.) within its jurisdiction along with the collection of holding tax. This tax includes property²⁸ and conservancy tax consisting of sanitation, solid waste management, and street lighting.

The DCC has several underlying departments, of which the Caretaker Office, headed by the Department of Slum Development, is responsible for urban infrastructure and services in slum areas. The Caretaker Office supplies a limited number of services, such as drinking water, sanitary toilets, health care for mother and children, etc. to the slum areas (Rahman, 2008). There are a few overlapping responsibilities between the DCC and LGED concerning infrastructure and service provision which, in turn, made them jointly cooperate, on a few occasions, for supplying drinking water points in low-income areas (Khan, 2003). However, the provision and expansion of such services is largely hindered by lack of tenure security (World Bank, 2007).

²⁸ The assessment, done through the process of general revaluation, is undertaken every 5 years or through interim revaluation, which is restored when there is any addition/alteration in the land/building or increase/decrease in rental value in between a general revaluation (DCC, 2009a,b). For rental land and housing properties, the DCC has different methods of assessment for determining holding tax, but in general the annual holding tax is 12 percent of the annual property valuation, of which is 7 percent is dedicated to property tax. This tax can be paid in four installments a year i.e., on a 3 months basis. On many occasions, there is also provision for tax reduction, and among them land property belonging to governmental agencies is levied with a discounted rate of holding tax which is much lower than 12 percent of annual valuation (ibid.). There are also instances where government owned land and properties are exempted from holding tax (Rahman, 2008; Islam, 1996).

Dhaka Water and Sewerage Authority (DWASA) & Dhaka Electricity Supply Company Ltd. (DESCO)

The Dhaka Water and Sewerage Authority (DWASA) is formally responsible for water supply, drainage, sewerage, and sanitation services in the slum areas. Within its given capacity, it has only been able to provide such services to those low-income areas where the government assumes land tenure security (World Bank, 2007). DESCO²⁹ is another public service provider that is supposedly responsible for electricity for all income households. Contrary to this, DESCO does not supply electricity to the slum dwellers because they are assumed to be financially incapable of paying service charges. Also, they do not have any land tenure security, which bar DESCO from putting in the necessary infrastructure because of a fear of sudden eviction (Rahman, 2009).

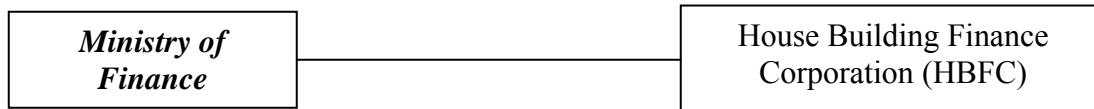


Figure 7.1.2c House building finance corporation as a public financier for housing development under the ministry of finance; (Compiled from Hasan and Kabir, 2002)

House Building Finance Corporation (HBFC)

The House Building Finance Corporation (HBFC) is the main purveyor of institutional housing finance for all income people. It used to be funded by the compartment of government that guaranteed debentures to the nationalized financial institutions (see Box 2 in Appendix I for loan scheme by HBFC). Since its operation, HBFC has disbursed a total taka 1136 crore (USD 167 million) in housing loans to 37,554 recipients in the country and more than half of these loans are distributed in Dhaka city (Rahman, 2001). But the eligibility criterion of such loans was to hold a land title in Dhaka, a requirement which ensured that only higher-middle and high-income class people sought them (Karnad, 2004) (see Box 2 in Appendix I for HBFC’s loan performance). The operation of HBFC is jeopardized and it is literally non-functional due to the high frequency of loan defaults leading to large amounts of unpaid loans to upper-middle and high-income people (Rahman, 2009).

Low and Middle-Income Housing Projects in Dhaka

During the last three decades, the public housing agencies undertook a number of projects primarily targeting low and middle-income populations. A few of those housing projects are discussed here in order to understand their relevance in meeting heightened demand for low-income housing. Though most of the projects apparently failed to achieve their

²⁹ DESCO used to be DESA (Dhaka Electricity Supply Authority), operated under governmental patronage. But due to the paucity of government’s budgetary allocation, financial losses and inefficient performance, government decided to create DESCO as a subsidiary of DESA where company is owned by the government and DESA represents government by acquiring 100 percent shares (DESCO, 2009).

respective objectives (Rahman, 2008), they are discussed here in order to explore the key reasons behind their failure.

1989-1996: Dhaka Urban Infrastructure Improvement Program (DUIP) at Mirpur (section 1, 2, 6, 7, 10, 11, 12 and 13) in Dhaka city

With financial assistance from the Asian Development Bank (ADB), NHA launched this project to provide shelter and necessary infrastructure to low- and middle-income people in Mirpur area (UNCHS, 2001). It was designed to improve physical environments in severely under-serviced and infrastructurally lacking areas in Mirpur to benefit the fast growing low-income urban population while at the same time develop land for low-cost housing. Assuming the government's role as an enabler, house construction itself was left to the landowners to promote self-help housing (Islam, 1996).

In this project, beneficiaries were categorized as those households who have average monthly-income between Tk. 1000 and Tk. 2500³⁰ (USD 14.7 to 36.76) (UNCHS, 2001). There is, however, no well-structured income registration system in the country. Therefore, it is a very lengthy process to know a person's monthly income in determining who should be categorized as poor. Moreover, there is no formal record and registration of the urban poor's monthly income (Khan, 2003), causing difficulty in identifying low and middle-income people who are supposed to be selected through lottery. NHA claims that the subdivided plots are allotted to the targeted beneficiaries by a fair lottery system and they are being properly advertised through the national newspapers (Rahman, 2008). But many were unaware of this project and those who were aware did not have any record of their registered monthly income further contributing to the exclusion of a large portion of low and middle-income communities (Islam, 1996). Moreover, many of those who were lucky enough to receive land plots, sold them out to others at then market price, which they perceived as handsome amounts, but for buyers that was relatively cheap in high speculative land market (Rahman, 2008; Rahman, 2001; Islam, 1996). Eventually, this project benefited other income people, presumably the wealthy class, contrary to that which was planned for the urban poor (Rahman, 2008).

1995-2001: Sites and services plots for low and middle-income people

The National Housing Authority (NHA) carried out a housing project in Mirpur (section 9) in Dhaka city, intended to benefit low and middle-income people. The project aimed at developing plots on the acquired land through a sites and services scheme, providing required infrastructural facilities, including roads, drainage and sewerage provisions, etc. (Rahman, 2008). A total of 2001 residential plots, having a variety of sizes starting from 1.75, 2.6 and 3.5 *Katha*³¹ were developed, along with 279 small industrial-cum-commercial plots. The cost of residential plots was realized from the allottees in installments over a period of 4 years with a down payment of approximately 25 percent of the total cost within a month of allotment (ibid.). But one may question whether low-income people have the level of affordability to pay a 25 percent down payment followed

³⁰ According to the currency value in 1988.

³¹ *Katha* is a popular local measurement unit, which is equivalent to 720 square feet or 66.92 square meters.

by payment of the rest of 75 percent in just 4 years (Islam et al., 2006). Moreover, the way in which the flats are to be allotted to the targeted beneficiaries forms another concern (Rahman, 2009).

In 2001, a new democratic government changed the project execution method from sites-and-services scheme to multi-storied flats, which is perhaps appropriate to encouraging high-density development. Although the project was scheduled from 1995 until 2001, it is still under construction and perhaps even more time might be required before the flats will be allocated to the beneficiaries. That additional time was required (in excess of the planned time) is seemingly a common feature when it comes to the actual implementation of housing projects.

1996-2009: Bhasantek Rehabilitation Project: towards a new hope?

In 1996, the NHA undertook a rehabilitation project in Bhasantek aiming at providing affordable low-income houses (Bari & Efroymsen, 2009). This project is expected to provide shelter to more than 15,024 poor families (i.e., 90,144 people) on 20 hectares land by 2010 (picture 7.1.2a). The gross dwelling unit density is 748 dwelling units/hectare and the residential land coverage is about 58 percent of total land where community services and facilities, such as administrative buildings, commercial banks, post office, community center-cum-auditorium for commercial operations etc. will be constructed (Kamruzzaman & Ogura, 2008; Rahman, 2008).

Notably, the project plans have undergone several changes. For example, in 2000 it was intended to house the poor on a hire-purchase³² basis through a public-private partnership. In 2001, a new contract was signed with another private developer, North South Property Development Ltd., who subsequently deviated from the previous pro-poor plan (Islam et al., 2006). The contracts changed from long-term payment over 10 years to short-term payments over a 5-year period (Kamruzzaman and Ogura, 2008). This raises concern over the governments' understanding of whether the targeted beneficiaries will be able to pay back in this shortened duration. Through this new financial plan, the allottees, however, are to receive apartments after payment of the total installments, which is calculated at a monthly rate of around USD 86³³ (Taka 5,600) to cover the full price within 5 years – an amount which seemingly is impossible for the urban poor (Rahman, 2008; Kamruzzaman & Ogura, 2008; Rahman, 2008). However, Kamruzzaman and Ogura, (2008) theoretically argue that these apartment units are affordable to the poor, if house price-to-income ratio (i.e., 4.35) is considered only. The current level of housing affordability for the urban poor assumes that total payment costs will be equivalent to amortize 40 percent of monthly income, which theoretically falls within their financial means (Islam, 2006; Rahman, 2001). Hence, the urban poor might still be able to afford such apartments and will be able to pay back their loans, but in 10.7 years (ibid.), which is normally considered an average mortgage duration in many Western

³² After the down payment, the allottee will pay house rent on a monthly basis, which will be regarded as equivalent to monthly mortgage and thus will contribute to the total sum that the allottee needs to pay back.

³³ The selling price of apartment units is USD 160 per square meter (Kamruzzaman & Ogura, 2008).

countries (Karnad, 2004). However, shortening the duration of payment (i.e., 5 years) is actually increasing their chance of unaffordability and inviting others that can afford.

Two types of 6-storey buildings are constructed with a size of 18.75 square meters for the type-A³⁴ flats, designed for slum dwellers, and 28 square Meters for the type-B³⁵ flats for low-income groups (Kamruzzaman & Ogura, 2008). Again, such a fuzzy division between slum dwellers and low-income people will create administrative complexity in allocation. However, one of the unique features of this project is multi-storied development under public-private partnerships where government is providing land, the private developer is responsible for investment and construction, and the beneficiaries are supposed to pay back installments. Such proposed partnerships do not, however, reflect a social welfare orientation from the developer's side.



Picture 7.1.2a Bhasantek housing project targets urban poor in Dhaka city
(Source: Kamruzzaman & Ogura, 2008, p.4)

³⁴ The type-A flat has one room with a kitchen and a toilet.

³⁵ The type-B flat has two rooms, one kitchen and one toilet. There is a small veranda in both A and B typed flats.

7.2 FINANCING LOW-INCOME URBAN HOUSING: A BARRIER?

This section primarily discusses the obstacles in the financial market for low-income housing finance. It begins by describing some thought-provoking issues for housing finance, and then develops a specific focus on the barriers to financial arrangements for housing the urban poor in central, nationalized, and commercial banking systems. The discussion, further, addresses the specific criteria for housing loan schemes used by central and nationalized commercial banks.

7.2.1 An Introduction to Housing Finance

In Dhaka city, housing finance continues to be monopolized by the upper-middle and high-income bracket people (Rahman, 2008; Hoek-Smit, 1998). They can afford to pay back their debts at a high rate of interest (i.e., 14 to 15 percent), and are facilitated to complete the payment cycle within 15 years (Haque, 2009). Hoek-Smit (1998) argues that an effective housing finance system could be developed for Dhaka's low-income people who cannot use the private sector for their housing finance needs. Hoek-Smit (1998) remarkably feels the need for a special social housing fund or lending mechanism that could provide shorter-term and smaller loans, at concessionary rates if necessary, but which must be clearly separated from the rest of the housing finance system. However, Hoek-Smit does not expand upon where the money for such a social housing fund would come from, nor how the housing gatekeepers would contribute to developing and using such fund for the low-income populations.

7.2.2 Housing Finance Sector

The financial sector in Bangladesh is largely dominated by the banking sector, which accounted for 96 percent of the system's total assets (Hoek-Smit, 1998). However, the banking system has a high percentage of deficiency of loan-loss provisions and a long-standing problem with non-performing loans, concentrated in a relatively small number of well-off borrowers and estimated at more than one-third of the loan portfolio of the nationalized commercial banks (NCBs) (Siddiquee et al., 2006). The amount of non-performing loans in the public banking sector has decreased to a small extent, but still maintains a high percentage (Siddique, 2008) as shown in table 7.2.2a. Although public banking reform has been a high priority for the government, there does not appear to be a set of effective actions to address the fundamental problems of non-performing loans (World Bank, 1997). For example, with a view to strengthening the institutional and technical capabilities of public banking sector, in 2008 the government launched a housing refinance scheme worth USD 47 million, but that did not change the performance of non-performance loans either (Haque, 2009; Siddiquee et al., 2006; Karnad, 2004). Noticeably, such reform initiatives aimed only at increasing and allocating housing funds with a stereotypical focus on upper and high-income population; there was no attempt to increase the loan disbursement base by taking low-income people's levels of housing affordability into account. Therefore, it was not possible to develop an affordable need-based real estate financial sector, leaving a high proportion of non-performing loans (Siddiquee et al., 2006, Schmidt & Budinich, 2006).

Table 7.2.2a Ratio of non-performing loans to total loans by public banks in Bangladesh (in percentage)

| Bank type | 1999 | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|------|------|------|-------|------|-------|-------|-------|-------|
| Public bank/Nationalized commercial banks | 45.6 | 38.6 | 37 | 33.70 | 29 | 25.30 | 21.40 | 22.90 | 29.87 |

(Source: Siddique, 2008)

In Dhaka city, and nationwide, bank lending to the real estate sector is a relatively low share of the total economy and there has been no real estate asset price bubble (Haque, 2009; Hoek-Smit, 1998). Moreover, the legacy of refinancing loans to priority sectors (other than housing) and administrative interest rate structures have left a banking sector more concerned with recovering past losses than with moving into a more effective financing system (Hoek-Smit, 1998). Particularly, long-term lending activities in the areas of low-income housing finance have received very little attention or remained absent (CPD, 2001).

In the formal housing finance sector, only a few have placed an institutional focus on the urban poor, with varying degrees of actual performance. They are: i) *the central bank* - Bangladesh Bank (BB); ii) *the nationalized commercial banks (NCBs)* – the Agrani Bank, Sonali Bank, Janata Bank, Rupali Bank; and iii) *the non-monetary financial institutions* - BASIC (Bank of Small Industries and Commerce) Bank, HBFC, etc. (Hoek-Smit, 1998). Therefore, it is important to discuss the financial features of a few of these institutions through the lens of obstacles and potentials for low-income housing, and their other financial supports. Though domestic, private, specialized banks and foreign banks are emerging in housing finance, they have inflexible and defined beneficiaries who are the upper-middle and high-income people of the society (Karnad, 2004). Therefore, those banks are not being studied as potential financiers for low-income housing.

Central Bank: Bangladesh Bank (BB)

Generally, BB does not finance housing loans directly to individuals, but rather through domestic public banks and other financial institutions (Hasan & Kabir, 2002). BB does, however, set a number of conditions to be followed by the nationalized commercial banks in approving housing loans. The loan repayment period is 20 years with varying number of installments where interest rate is fixed at 10 percent. Despite this, slow disbursement has remained a concern as, for example, less than USD 1.54 million was granted in six months till late 2007 (Rahman, 2008). The maximum amount of loans being disbursed by BB is TK.15 lakh (USD 22,058.82) which is subjected to approval on the following conditions (which perhaps explain the slow disbursement): i) the applicant must be an earning person and his or her accumulated registered monthly income should not be less than TK. 50,000 (USD 735.29 per year) in a year; ii) those who do not have any apartments in Dhaka city are eligible; iii) those who have not been granted any house loan by other commercial bank or financial institution are eligible; and iv) the applicant must produce the ownership document of a land property as collateral (Bangladesh Bank, 2007). But then questions remain to be answered: what will happen to those people who might have the required amount of yearly earnings, but not be officially being registered,

or do not hold any land title? It is evident that a person who does not own a land property is automatically disqualified for this housing loan. Moreover, there is no interactive database for housing loan finance, from which information on the housing loan history of the applicant could be retrieved.

Nationalized Commercial Banks (NCBs)

Agrani Bank

Only the Agrani bank, one of the leading state-owned NCBs, is theoretically responsible and entitled to disburse housing loans to low-income people. However its operation demonstrates a business-as-usual approach where only upper-middle and high-income classes are being served, which in turns is reflected in the large number of non-performing loans i.e., 28.96 percent (Byron, 2008). Therefore, to understand the embedded obstacles in providing housing loans to low-income people, key conditions of housing loan need to be presented: i) the applicant must own at least 1.75 Katha of land, free from all encumbrances, in Dhaka city; ii) the applicant must be a bank account holder and no application shall be granted beyond Dhaka city due to fear of poor commercial evaluation; and iii) the applicant is required to have a well-standing social status and to present a satisfactory updated Credit Information Bureau (CIB)/transaction report. The maximum amount of a loan to be granted varies on the location of land, its market value, and the nature of intended use e.g., multi-storey apartments, etc. (as given in table 7.2.2b) (Agrani Bank, 2007). Besides the land ownership requirement, production of the bank transaction's report is impossible for the low-income people. Beyond this, more stringent conditions are imposed at the time of application that further disqualifies the urban poor, i.e.: i) a plan of the proposed house must be approved by RAJUK for Dhaka city; and ii) the cost of the proposed house must be estimated by a bank's assigned engineer or a representative of the Public Works Department (PWD) (ibid.). However, the maximum duration for repayment is 20 years, with a 12 percent interest rate (Agrani Bank, 2007), which is supposedly helpful for the borrowers.

Table 7.2.2b Ceiling of loan according to administrative areas and nature of construction

| Nature of loan | Ceiling for Dhaka city | Ceiling for Narayanganj and adjacent divisional towns | Ceiling for other district towns |
|-------------------------|--|---|----------------------------------|
| Residences | Tk 30 lakh (USD 44,000) for Gulsan, Banani, Baridhara, Dhanmondi, DOHS and Uttara areas. | Tk 25 lakh (USD 36,000) | Tk 10 lakh (USD 14,000) |
| | Tk 25 lakh (USD 36,000) for other areas. | | |
| Building flats for sale | Tk 10 lakh (USD 14,000) | Not available | Not available |

(Source: Bangladesh Bank, 2007)

Non-Monetary Financial Institutions

BASIC Bank

BASIC Bank operates as a semi-nationalized and non-monetary financial institution (Hasan & Kabir, 2002). At the outset, the Bank started as a joint venture enterprise of Bangladesh Computer Council (BCC) foundation (which had 70 percent of all shares) and the government (with the remaining 30 percent). When the BCC Foundation became non-functional, the government took over 100 percent ownership of the bank, which makes it state-owned, but not nationalized, and as such it operates like a private bank (ibid.). Because of this exclusive orientation, the BASIC bank is selected for this study.

The BASIC Bank is unique in its aims due to its blending of focuses on commercialization and development outlets that supposedly offer housing loans for all income levels. However, the provision of housing loan by this bank is regulated by the same conditions as those of the Bangladesh Bank, with the exception of the interest rate it offers, which is higher. This provides BASIC bank with an equal position as Bangladesh Bank in providing housing loans to the urban poor.

7.3 HEIGHTENED HOUSE RENT AND AFFORDABILITY OF THE URBAN POOR

This section briefly discusses the house rents in Dhaka city and provides a picture of their increase. The geographical distribution of increases in house rents is explored in order to understand the difference in per unit rental price according to income classes. In the end, evidence is presented that demonstrates the urban poor's financial ability with respect to affordable houses, the recognition of which is largely inhibited in the formal housing policy area and plan-making process.

7.3.1 Heightened House Rent

The greater part of low-income people's earnings is consumed by monthly rent. The situation could be different if these people could have access to mortgage lending with easier terms and conditions, such as low interest rates, longer durations for mortgage payment, etc. for their houses (UN-HABITAT, 2008; Karnad, 2004). However, house rent in the market is a clear indicator of the demand and supply situation. Due to excessive demand for housing against its meager supply, house rent has been increasing at a heightened pace i.e., gobbling up around 40 percent of average monthly income of middle and low-income people. In Dhaka city, among others, 90 percent housing provision is based on rental choice (Rahman, 2008; CAB³⁶, 2007). Conversely, the Rent Control Ordinance (1991) has not been enforced to protect and uphold the tenant rights as the existing rent regulatory tool mostly favors landlords and high-income people (CAB, 2007). It is of not much use to the middle-income tenants, while low-income people are outside the cordon of such legislative support (The Financial Express, 2007; CAB, 2007). Therefore, middle and low-income tenants are subject to the whims of house owners with respect to the fixing of rent each year. According to a survey conducted by CAB (2007), house rents in Dhaka city increased by 249.62 percent during the last 17 years, with a negligible diminishing trend (see table 7.3.1a); while in the last five years increasing between 20 and 25 percent commensurate with locations and house amenities (ibid.) (e.g., see table 6 in Appendix I).

Table 7.3.1a Year-to-year rise of house rent in Dhaka city

| Year | Average increment in house rent (percent) |
|------|---|
| 2001 | 17.40 |
| 2002 | 13.49 |
| 2003 | 8.4 |
| 2004 | 9.96 |
| 2005 | 7.89 |
| 2006 | 14.14 |

(Source: CAB, 2007)

³⁶ CAB stands for the Consumer Association of Bangladesh who is formally responsible for establishing consumer rights.

For example, in central Dhanmondi and Gulshan, planned and high-income residential areas, the average monthly rent for two-bedroom well-furnished apartments has increased by 37 percent to between USD 616 and 770 (The Financial Express, 2007). In middle-income residential areas, rent for a three-bedroom standard house in Lalmatia ranges between USD 262 and 308 (ibid.). While in Mirpur and the southeastern low-income areas of Dhaka city, a one-bedroom house is available at a monthly rent USD 54 to 69 without the utility bills while it varies between USD 77 and 116 for two-room apartments. There, the average rent has also increased sharply by USD 3 to 5 for each tiny room and average monthly house rent is USD 1.61 per square Meter, compared to USD 1.98 and 1.10 for high and middle-income populations (Nahiduzzaman, 2006). Rahman (2008) complements Nahiduzzaman's (2006) study, citing the fact that the urban poor pay a relatively high and increasing amount of house rent for their deplorable housing conditions, with little or no formal tenure security or rights (Islam, et al., 2006; Nabi et al., 2003).

7.3.2 Affordability of the Urban Poor

It is remarkable that house rent in the slums exceeds that of middle-income areas and is quite similar to that of high-income people living in planned residential areas of Dhaka city (Rahman, 2008). However, table 7.3.2a offers a general overview of house rent according to different income people living in different parts of Dhaka city.

Table 7.3.2a Synopsis of house size and associated rent paid by different income groups in Dhaka city

| Range | Low-income class | | | | Middle-income class | | | | High-income class | |
|---------------------|-----------------------------------|-------------------|------------------------------------|-------------------|----------------------|-------------------|-------------------------------|-------------------|-------------------|-------------------|
| | Non-built structure ³⁷ | | Semi-built structure ³⁸ | | Semi-built structure | | Built structure ³⁹ | | Built structure | |
| | Area (sq. m.) | Rent (USD./sq. m) | Area (sq. m) | Rent (USD /sq. m) | Area (sq. m) | Rent (USD /sq. m) | Area (sq. m) | Rent (USD /sq. m) | Area (sq. m) | Rent (USD /sq. m) |
| Average highest (A) | 1.84 | 1.8 | 35 | 1.72 | 59.70 | 1.50 | 20.20 | 2.13 | 211.21 | 2.20 |
| Average lowest (B) | 4.6 | 0.53 | 5.51 | 0.65 | 41.32 | 0.50 | 7.81 | 0.80 | 78.10 | 1.24 |
| Average: (A+B)/2 | 12.40 | 1.16 | 20.20 | 1.19 | 50.51 | 1.0 | 14.0 | 1.5 | 144.62 | 1.72 |

(Compiled and revised from Rahman, 2008)

³⁷ In non-built structures, walls are usually made of bamboo, thatch and straw; the floor is of mud; and CI sheet or thatch is used for the roof.

³⁸ In semi-built structures, walls are made of brick, the floor of concrete, and the roof is made of CI sheet and occasionally of thatch.

³⁹ A built structure refers to houses where the total structure is made of bricks and concrete with modern technology for construction.

Rahman (2008) finds that the average house rent (USD 1.19 per square meter) for semi-built houses of low-income people is higher than that of middle-income people (i.e., USD 1 per square meter) while middle-income people are known to enjoy relatively better housing environment and services e.g., water supply, drainage, and sewerage system, garbage disposal, etc. (Rahman, 2008). Conversely, the urban poor are seen to be regularly paying higher or nearly same rate of house rent for worsened housing conditions. Does this reality help argue for their financial ability towards better/decent housing where tenure security or rights and essential services are associated? Arguably, the true financial affordability of the urban poor is somewhere outside the boundary of formally recognized conventions. Although it has been repeatedly pointed out in national development plans and housing policies, there has been no real attempt made to understand and make use of their true financial affordability in developing low-income housing provisions.

In many inner city slums of Dhaka city, gross house rent is more than USD 14.33 per month, which is 30 to 40 percent of their total income (Nahiduzzaman, 2006). Spending 30 percent of one's income on housing is considered to be normal for what is termed 'affordable housing' (Linneman and Megbolugbe, 1992). In fact, such low-income housing affordability also suggests exploring the sources of their income – i.e., primary and transitory income and livelihood practices – that are yet to be known to the formal housing gatekeepers.

CHAPTER EIGHT: HOUSING AS A SOCIAL BUSINESS? WITNESSING THE CURRENT PRACTICES

“...you must be the change you want to see in the world”
- Mahatma Gandhi, Indian ascetic and nationalist leader (1869-1948)

This section explores the pioneering practices of social business in Bangladesh. A brief definition and discussion of the motives of Corporate Social Responsibility (CSR) creates a frame for a departure point for social business and hence inspires some of the most prominent multi-nationals (e.g., Danone, Veolia Water, Intel Corporation, etc.) into social business initiatives. The discussion is further expanded by exemplifying the operational mechanisms of joint-ventured social businesses while targeting the poorest section of the society.

8.1 Corporate Social Responsibility (CSR) and the Journey of Social Business

8.1.1 What is Corporate Social Responsibility (CSR)?

To clarify and understand the ideas of social business, CSR needs to be defined in order to make a clear ideological distinction between CSR and social business. In a simple definition, CSR refers to part of the corporate responsibility to take care of the problems (e.g., environmental, societal, cultural, etc.) caused by business operations. In defining CSR, Blyth (2005) asserts that “...there is no unique definition of what it takes to be a responsible corporate... the key is to have a rigorous process for identifying those responsibilities and fulfilling them” (p. 30). Therefore, CSR has been rather described as a ‘motherhood issue’ where many definitions and a range of connotations such as corporate sustainability, corporate citizenship, corporate social investment, the triple bottom line, socially responsible investment, etc. are used interchangeably (Thomas & Nowak, 2006; Wood, 1991). Ideally, CSR policy would function as a built-in, self-regulating mechanism whereby business would monitor and ensure its adherence to social, environmental, and ethical obligations; and international norms (Wood, 1991). Essentially, CSR is the voluntary inclusion of public interest in corporate decision-making, and the honoring of a triple bottom line - ‘people’, ‘planet’, and ‘profit’ (Thomas & Nowak, 2006). However, some (for instance, Van Marrewijk (2003)) do not regard CSR as appropriate means to solve the global poverty gap, social exclusion, or environmental degradation. This is due to the fact that other researchers distort the definition of CSR so much that the concept becomes morally dim, conceptually meaningless, and utterly unrecognizable (Orlitzky, 2005).

8.1.2 The Borderline between CSR and Social Business

The practice of CSR is subject to much debate and criticism. Yunus (2008) argues that CSR takes care of those responsible actions that adversely affect the environment or society at large. Therefore, the responsibility stems from the obligations of adverse consequences (immediate or long-term) of business actions. Principally, this marks the borderline between social business and CSR. Yunus (2008) advances his argument on the

point that CSR is a one-time investment of corporate money, maybe in the form of charity, donation etc., which is processed through non-profit organizations intending to bring economic or social benefits to the local people. But in reality this does not bring real and positive effects or sustainable benefits to the affected people (Yunus, 2008). Critics further argue that CSR distracts from the fundamental economic role of businesses, portraying it as nothing more than superficial window-dressing; while others argue that it is an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations (Grace & Cohen, 2005). The next section cites some examples of CSR practiced by various multi-nationals in their business strategies where their real motives behind adoption of CSR are unveiled.

The simple fact is that a few companies in a few high-profile sectors do some CSR because it suits them and does not cost too much (Caulkin, 2006). Some critics (e.g., Sullivan & Shiafo, 2005; Grace & Cohen, 2005) believe that CSR programs have been undertaken by multi-nationals, such as the petroleum giant Shell (through the Shell Foundation), in response to ethical problems arising from their core operations. They extend their arguments by exploring the fact that CSR programs are started for commercial benefit, so they enjoy a return by raising the corporation's reputation in the eyes of the public or the government. It is therefore suggested that corporations which exist solely to maximize profits are unable to advance the welfare interests of the society as a whole (Yunus, 2008; McKibben, 2006).

8.1.3 The Social Business Journey

In this section, principles of social business are explored through the lens of current practices in Bangladesh. Therefore, attempts are made to explore answers on the following questions: *What are the driving forces and incentives of social business? Are the multi-national giants doing social business because they have found Bangladesh a potential market for profit maximization business, or has it derived from social responsibility and welfare needs? Could low-income housing provision be introduced as a social business?*

Grameen-Danone Food (GDF)

Danone, the French multi-national dairy giant, is reputed to supply high-quality food products around the world (Bylund & Mondelli, 2009). Within a social business dogma, Grameen Bank and Danone jointly started the Grameen-Danone Food (GDF) enterprise in 2005. Within the broad spectrum of Danone's business focus, Danone Community was created to invent business models that benefit the most disadvantaged populations, and its investment funds⁴⁰ help to finance new and innovative ventures like the GDF social business (Black, 2009). Talking about the driving forces and incentives of Danone, Emmanuel Merchant, head of Danone Community, says GDF is a commitment to providing high quality products to everyone and this is not at all charity but business to build and expand its brand at affordable price to all income people (Black, 2009).

⁴⁰ Money did not come from the Danone shareholders straightway but most of them agreed to give part of their dividends to put into GDF (Yunus, 2009).

The initial funding of USD 1.1 million is shared equally by Danone and Grameen, who both have a lot at stake in terms of reputation; the key maxim is to reduce poverty by offering affordable and healthy nutrition to the poor (Black, 2009). The target is to reach malnourished children with fortified (vitamin enriched) yogurt⁴¹ that is sold by a network of low-income women in the rural Bangladesh. The yoghurt helps to improve the diet of the poor and malnourished children along with providing an employment option for women (Yunus & Moingeon, 2009; Benjamin, 2009). Yet, there are no statistics available on the total employment generated by GDF, the total number of customers for multi-nutrient yogurt, the geographical distribution of sales, the total number of women being employed, etc. However, the principal concern of GDF is based on how many children have escaped malnutrition and how many more will within the targeted years (Benjamin, 2009). But GDF has not set any benchmarks on the number of children to be freed from malnutrition in order to measure its social-welfare performance. More time will be needed to assess such performance, and set benchmarks against which to measure its achievements.



Picture 8.1.3a A rural woman is seen selling yoghurt produced by GDF
(Source: Yunus Centre, 2009)

GDF also focuses on energy-saving technology in the production process. Hence, yogurt is produced with solar and biogas energy and is served in environmentally friendly packaging⁴². The backwards and forward linkages of GDF create jobs for local unemployed people (Black, 2009). Unlike the profit maximization motto of the conventional business, the price of yogurt is kept low enough (at a rate of 6 US cents/yogurt) to be affordable by the poor parents (Yunus & Moingeon, 2009). The marketing methods are designed in such a way that the yogurt will be sold mainly to poor rural families who need it most to maximize nutritional benefits (Benjamin, 2009) (Picture 8.1.3a shows how yoghurt is being marketed by a woman).

⁴¹ Yogurt is popularly known as ‘Shakti doi’ - a powerful card in rural Bangladesh.

⁴² <http://www.muhammadyunus.org/Social-Business/> Accessed on May 6, 2009.

Despite an insignificant financial stake, Danone's financial involvement was not what excited and inspired the company, but rather the ideological stakes of social business (Yunus, 2008). The business started to run in such a way as to incur no loss and to generate a small surplus out of which the initial investments of two parties would be repaid as early as possible. At the extreme, a tiny risk might be involved in the question of whether investors are able to stick to social business principles and not drift toward business-as-usual approaches to get the return sooner than what they mutually agreed upon. More time will be required to answer and observe these concerns, but so far this joint-venture initiative looks to be potentially promising and offers a hopeful sign to other problem solving issues, such as low-income housing. Moreover, GDF opens up business opportunities for other multi-nationals or local companies to start other types of social business by addressing other outstanding needs of the society (Bunting, 2008).

With no fear of recession and inspired by GDF, Danone recently decided to expand its geographical operation to a few more developing countries and hence built new partnerships with Senegal and Cambodia (Black, 2009). Yunus (2008) is very enthusiastic about such a geographical spread as this commits to serve an increasing number of poor people around the world. Again, despite the short-term success of this joint-social-venture, one must be interested to see how this will look in the long run.

Grameen-Veolia Water Limited

Inspired by the social business principles and initial success of GDF, another France-based multi-national, Veolia Water, a subsidiary of Veolia Environment, stepped ahead to join Grameen Healthcare to establish Grameen-Veolia Water Ltd. (GVW) in 2008. It primarily aims at producing and supplying pure drinking water to the poorest people at an affordable price (Yunus & Moingeon, 2009). This business idea is generated from the reality that there is prevalence of arsenic in the ground water, hindering potable water supply. Generally, Bangladesh has abundant groundwater sources that are not too deep and it offers relatively easy access to water. Unfortunately, for geological reasons, in many parts the groundwater has been found to be contaminated by arsenic at a level that makes it a health hazard. Today more than 30 million rural people are exposed to the fatal consequences of chronic arsenic poisoning (Smith et al., 2000). GVW, therefore, have decided to join forces to provide tailor-made solutions that supply drinking water to the poorest communities at an affordable price i.e., TK. 1 (USD 0.01) per 10 liters (i.e., less than 1 cent per 10 liters) (Michon, 2008). This process challenged Veolia's conventional business model in several ways (Yunus & Moingeon, 2009):

First, the cost of water treatment is to be reduced as much as possible in order to offer the cheapest price for water that meets World Health Organization (WHO) standards;

Second, GVW decides to go for water distribution by cans (no ultra or fancy packaging) to the most isolated villages by rickshaws driven by Grameen-financed entrepreneurs;

Finally, for payment a system of pre-paid cards is being introduced, which is an unconventional method for Veolia.

Like GDF, GVW is operating by the same principles: that all the profits will be reinvested in the further development of the business, where Veolia provides the technical know how and technology while Grameen provides its local knowledge and networks in rural Bangladesh. Hence, the social business principle will enable GVW to bring drinking water to more than 100,000 people for a total investment estimated at USD 667,285 (Michon, 2008). At the end of 2008, the first plant supplied water suitable for cooking and drinking to 25,000 inhabitants of Goalhari village, 100 kilometers away from Dhaka city (ibid.). This exemplary partnership hopes to bring low-income people into the economic mainstream by providing an immediately operational and highly effective solution to a fundamental need.

Grameen-BASF

With the joint-venture collaboration between Grameen Bank and German chemical company BASF, Grameen-BASF is another initiative of social business to produce chemically treated mosquito net to protect people from mosquitoes carrying diseases like malaria. The key driving force behind this joint venture is to develop a cost-effective mosquito net for the poor that would protect them from malaria. So far, half a million nets have already been produced (Yunus, 2009). Grameen-BASF has also started the production of micro-nutrient sachets to sprinkle on food, which provides essential nutrients that are missing from the poor people's daily diets (ibid.).

Grameen-Intel

Addressing the need for information and communications technology (ICT), Grameen-Intel is another dimension of social business jointly ventured between Grameen Trust (a Grameen company) and the Intel Corporation. Main purpose of this new social business is to educate the rural poor in ICT and teach them the importance of ICT in income generating activities (Yunus, 2009). This social business aims to promote and improve healthcare services, commerce, education, and economic activities with the help of ICT in rural Bangladesh. Though Grameen-Intel will primarily start to operate in rural Bangladesh, it also aims to expand its service coverage to all poor populations of the world (Grameen Bank, 2009).

Grameen-Adidas in the Queue

Yunus points to and urges expanding these efforts with more innovative ideas on the part of social businesses. One such upcoming business idea is based on the following theme:

“...no one in the world would walk bare footed” (Yunus, 2009a⁴³).

Inspired by social business principles, world-renowned shoemaker Adidas expressed its interest towards a joint-venture social business to make the above theme successful. This idea is driven from the fact that children in poor families often get hurt and injured while walking or playing on the undulating and hazardous surface in the slums. Many of them

⁴³ <http://www.youtube.com/watch?v=JKDGDUw8RFA> Accessed on 27 January, 2009.

get infected and severely affected by contagious diseases. Therefore, the Grameen group and Adidas agreed to launch a new dimensional social business to protect children from being hurt or infected by harmful bacteria (ibid.). They are now in the early phase of implementation, but it will take some time before the business is operational. As in other cases, the primary focus of the (shoe) production is also on affordable price (i.e., suggested at USD 1 for each pair) and durability.

In concert with the same principles and success, more social business models are under operation addressing other long lasting societal problems (Yunus, 2009). In fact, the ideology of the above social businesses is to address basic needs of the poor and then develop business plans to come up with innovative and affordable solutions for them. This is regarded as a strong feature of social business, which is not yet taken into account in considering the task of producing affordable houses for the low-income populations. The current practices of the above social businesses are very insightful and useful and, hence, they potentially offer a way to develop low-income houses as a social business.

Widening the Social Business Agenda

It is also understandable that there are a number of challenges involved in forming and operating social businesses of various kinds. Yunus and Moingeon (2009) admit that social business as a concept is still in a preliminary stage as the entire of results of such business initiatives is yet to be seen against its ideology. Likewise, there is a concern about the methods to assess social businesses performance. Financial profit on the invested capital is a common measure for conventional business, models while social benefit is difficult to measure in a short term by any standard metrics. Hence, the impact of multi-nutrient yogurt on children's health, for example, might only be measurable in a few years time. Certification procedures, such as the one developed by the Global Reporting Initiative, might be helpful, but they are still under construction (Yunus & Moingeon, 2009).

Nevertheless, this is the time to challenge the conventional wisdom and learn why life is ridden with so many societal problems, and why conventional market mechanisms failed to produce any effective solution to eradicate the long-lasting problems like poverty, Will social business be able to provide innovative business models for other societal and environmental problems, such as affordable low-income housing? Yunus⁴⁴ (2009b) advocates and stresses that the social business model could be applied to a variety of issues ranging from climate change and water shortage to affordable housing, etc. Yunus and Moingeon (2009) strongly believe that there will be a growing interest in building social business models, for the following three reasons:

First, humans have a natural desire to make life better for their fellow humans at their best potentials. Given the chance, people would prefer to live in a world without poverty, disease, ignorance, and needless suffering. These are the causes that lead people to donate

⁴⁴ <http://www.youtube.com/watch?v=NscFyy3u5Gk> On 29 May 2009, Nobel laureate Professor Yunus spoke to a packed audience at RIBA as part of the British Council's 75th anniversary lecture series 'Talking without Borders'.

billions of dollars to charity, to launch NGOs and non-profit organizations, to volunteer countless hours to community service. These same drivers will lead many to create social businesses, once this new path is widely understood and shown.

Second, the GDF experience, for example, should encourage businesses to engage in many welfare initiatives. Danone believes that USD 1.1 million in GDF business will have a prominent and educational role to play within its USD 19 billion of investments.

Last, but not least, competing social businesses are not engaged in a contest like other conventional businesses that could learn from the driving forces of social business. Hence, this business model could be copied, adapted, and rolled out by other partners in other parts of the world. They might even merge with each other to become a stronger social force.

Witnessing the motto and driving forces of the aforementioned social businesses, it is understandable that there should be a proliferation of social businesses through new (or the duplication of current) business models. Yunus and Moingeon (2009) define social business as the missing piece of the capitalist system, the introduction of which may save the system by empowering it to address the overwhelming global concerns that now remain outside the mainstream business research thinking. Thus, generating ideas for social business about certain problem is the most important immediate challenge for today's business thinkers and researchers.

“...By social business you (Yunus) are not just giving us a framework for future, but a promise for a better future⁴⁵”.

⁴⁵ <http://www.youtube.com/watch?v=I7grZpGIHig&NR=1> British Council chief at the concluding session on 75th anniversary of British Council, accessed on 29 May, 2009.

CHAPTER NINE: EMPIRICAL FINDINGS OF THE STUDY

This chapter presents the empirical findings of this study, which are more qualitative in nature than quantitative. The findings being discussed are collected from a household questionnaire survey, interviews with relevant private and public housing agencies (see appendix II for questionnaire and interview guides), and direct observations.

9.1 A Tale of Jhilpar Slum

9.1.1 Housing and its Practices in Jhilpar Slum

Rental housing is the one and only housing arrangement found in Jhilpar, for which the slum dwellers pay USD 1.34 per square meter in area. The per unit price has increased by 30 percent rate (approximately) over the last three years, irrespective of the house locations – whether located on the front or rear side of Jhilpar (even though during the rainy season flooding is quite common in the rear side of the slum along with the occasional water logging during high amounts of rainfall). Due to heightened demand for housing, Jhilpar slum has always maintained an increased and flat house rent. The average family size in this neighborhood is found to be four people, with an average monthly income around USD 46.20, of which 27 percent is spent on monthly house rent. Besides this major expenditure, the inhabitants are also required to spend money on other basic necessities including food, clothing, medicine, house repair, children’s education, etc., though the amount being spent on these needs falls short of what is required.

In terms of construction, most of the houses in Jhilpar slum are temporary in nature. A variety of materials are used for walls, floors, and roofs, such as bamboo sticks, woven bamboo, CI (corrugated iron) sheet, thatch, plastic, hard paper, etc. With the rising demand for housing, majority houses in this neighborhood have exceeded one story, and two-storey houses are also constructed from the same materials (picture 9.1.1a). Such vertical growth using temporary materials could be understood as the consequence of the urbanization of poverty.



Picture 9.1.1a Two-storied houses are seen to be constructed by temporary and light materials; (Source: Author, 2008)

As hinted at earlier, the rear side of the slum is founded on a bamboo woven platform, which literally hangs over the Jhilpar canal (Picture 9.1.1b). Houses on this part are mostly constructed of bamboo and CI sheet while a few front side houses are seen constructed using concrete floors with the walls of CI sheet, thin plastic, hard paper, etc. (as is shown in picture 9.1.1c). Due to the temporary nature of the construction materials, the durability of those houses is limited too. Not only this, durability is also adversely affected by weather effects such as scorching sunlight, rainfall, flood, wind, etc. Every year, therefore, housing units are placed in dire need of repair and maintenance, which costs a handsome amount of money from residents' meager incomes. On average, each family spends USD 80 a year (i.e., 14.45 percent of their yearly income) on housing maintenance and repair, despite the fact that they do not possess any form of formal land tenure security or rights from the government. In the end, each Jhilpar family spends 28.20 percent of their monthly income on yearly house maintenance and monthly house rent. However, each Jhilpar tenant (household) is obligated to bear the costs of house repair and maintenance on their own, which is a key condition of verbal and informal rental agreements with the de facto owners. Because of their mutual de facto status, the owners and tenants cannot produce any legalized agreement but they maintain such verbal agreement informally. It is found that the de facto tenants are respectful to what they mutually agreed upon in the agreement, and the de facto owners oversee and monitor whether the de facto tenants keep up maintenance and repair.



Picture 9.1.1b: Elevated bamboo platform that hangs over the Jhilpar canal; (Source: Author, 2008)

During the questionnaire survey, heads of the households were asked if they split and allocated the costs for house maintenance and rent in line with their individual amounts from permanent and transitory incomes, but the response was negative. At the start of the month, it is a common practice within families to estimate the total costs to be spent on

different items (e.g., house rent, repair, food, education, electricity, etc.) and then distribute the money from the collective earnings from permanent and transitory incomes. The de facto owners were asked about their willingness to build permanent houses (e.g., made of bricks and concrete) for a better housing environment. They consider this to be a risky investment, as they do not hold any land tenure security or legal rights - triggering the risk of eviction. The empirical findings suggest that during the last ten years, though there was no instance of eviction in Jhilpar by the public agencies (e.g., DCC, RAJUK, etc.), major investment in permanent houses might be bulldozed at any time, and be accompanied by a possible eviction in a few hours. This also jeopardizes families' potential thoughts on building better houses incrementally. Furthermore, they do not enjoy any formal institutional financial services (housing loans etc.) to initiate the construction process for improved housing, which is associated with relatively costly investment. The absence of such financial services prevents Jhilpar's inhabitants from advancing and improving housing, though they claim to have the financial strength for upgrading the housing status on an incremental basis and over a long time.

From the empirical findings, it is found that in the beginning of slum formation those who moved to Jhilpar grabbed as much land as they could, and then became the 'de facto' owners, given the fact that they were not provided any formal land tenure security or rights. Despite this, they have incrementally developed houses using light and temporary construction materials (as shown in picture 9.1.1c) and the pace of incremental constructions is triggered by the heightened demand and relatively high rents for the rooms. It is seen that the de facto owners rent out a large portion of their houses while they keep a tiny portion for themselves. The maximum of rooms per dwelling was found to be five (with 9.3 square meters the average room size), and such a dwelling could accommodate a maximum of 25 people. On average, each housing unit has informal arrangements for 3 rooms where 3 families are planned to live. Realizing per unit house rent (USD 1.34 per square meter), it is understandable that rental housing is the most profitable business in Jhilpar.



Picture 9.1.1c Construction of wall and roof with bamboo, CI sheet, plastic and hard paper (Source: Author, 2008)

During the survey, the de facto owners revealed that sometimes they are at risk of non-government driven eviction, if monthly ransom is not paid to the slum lords, as mutually agreed upon, who are known to be strongly affiliated with local business elites or powerful politicians. A few cases are found where de facto owners were evicted from Jhilpar because they refused to pay regular amounts of ransom, and were therefore replaced by new owners. Lack of any tenure security or rights preclude the victims from filing complaints against those slum lords to the local security authority - the Bangladesh Police. Therefore, de facto owners are bound to purchase land tenure security, which should be understood as ‘business tenure security’, from the slum lords in exchange for monthly ransom which varies depending on the number of rooms within an owner’s possession. This has been a longstanding practice since Jhilpar was established as a slum. The government’s negligence and lack of proper attention is claimed to develop a situation where the slum lords can exercise control over Jhilpar.

The house tenants are not required to pay extra money to de facto owners for their regular ransom, which is an important condition in the informal rental agreement. However, it is understandable that such ransom is an implicit cost that is accounted for in determining house rent for the tenants. In return, the de facto owners ensure some sort of land tenure security to the tenants, which is associated with their performance on regular house rent payment. This leads to the fact that, as long as the tenants maintain their regular house rent, there will not be evictions (either by the de facto owners or the slum lords). This phenomenon should be understood as ‘formal tenure security in the informality’. The slum lords exert control over Jhilpar by collecting monthly ransom on the basis of an investment of their muscles and political power. Figure 9.1.1a demonstrates the power structure and business transactions between the slum lords, de facto owners, and tenants for land tenure security.

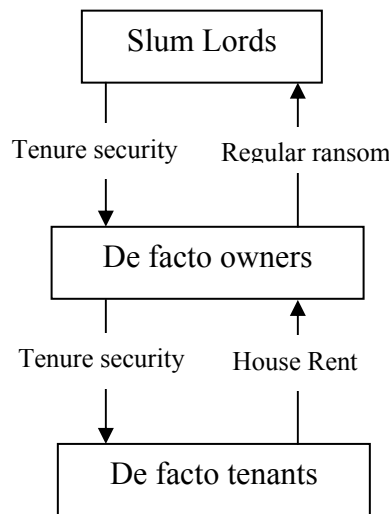


Figure 9.1.1a Business and power structure between slum lords, de facto owners, and tenants; (Source: Own construct from empirical findings)

9.1.2 Basic Urban Services in Jhilpar slum

About 95 percent toilets are non-sanitized, and are built by the inhabitants themselves without any technical assistance from any NGO or government organization. Among the basic infrastructure and services (e.g., drainage, drinking water supply, sanitary toilets, electricity, etc.), only drinking water is supplied by the DCC (but at no cost). However, only five water taps are placed in different locations of this neighborhood, which implies that each tap is supposed to be serving 4,000 inhabitants. Moreover, the water supply is not offered during the whole day but only for 2 hours each in the morning (i.e., 8-10 am) and afternoon (i.e., 2-4 pm). The quality of such drinking water is another concern, as water pipes are put through drainage channels where water is easily contaminated by wastewater. Notably, the DCC does not do any maintenance and repair work for such water pipe, which cause leakages and cracks and lets wastewater mix with potable water (see picture 9.1.2a). On many occasions, therefore, the inhabitants are seen maintaining and repairing those pipes; the cost of such maintenance is equally shared by its beneficiaries. Though the inhabitants want an increased and necessary supply of drinking water in exchange for regular payment, none of the NGOs has shown any interest in supporting such a scheme, as the slum dwellers are known to lack formal tenure security. Not only this, government organizations are also afraid to permanently establish and expand this service, though DWASA has a pump station located next to Jhilpar (picture 9.1.2b). DCC's initial installation of water pipes was merely undertaken on humanitarian grounds that could be understood as one-time charity.



Picture 9.1.2a Daily queue for drinking water and face of drinking water pipes
(Source: Author, 2008)

There is no legal supply of electricity to Jhilpar's inhabitants. In 2000, as a part of communal effort, they applied to DESCO for electricity connection but it was rejected on the ground of their financial lack of affordability in repaying the service cost, along with their lack of tenure security. After that, a few senior people of this community managed to bribe a few ground workers of DESCO to get an electricity connection and they succeeded. The DESCO workers and inhabitants made a verbal agreement that each

beneficiary must pay a fixed amount⁴⁶ of money to enjoy this service. However, such an arrangement was made informally and beyond the recognition of legality, but has been running successfully - which challenges the formal conventional wisdom on slum dweller's level of affordability. It is clear from the payment rate that inhabitants pay more for what they consume in each room. For example, each room is found to have an electric light bulb; a fan, sometimes; and a television, in a few rooms. Though payment for electricity is not accounted in monthly house rent, the de facto tenants are bound to pay such costs under the informal rental agreement. Each month the de facto owners collect this amount, along with house rent, and hand it over to the DESCO workers. Payment of this kind is also associated with the confirmation of tenants' tenure security.



Picture 9.1.2b: Water pump station run by DWASA located next to Jhilpar; (Source: Author, 2008)

Among others, the empirical findings of this study reveal an important feature of citizenship i.e., national registration of the inhabitants on account of Jhilpar as their place of residence. In the national population record, adult male and female inhabitants (18 years and above) are registered for their identification cards by the following residential address '*Jhilpar slum, Milk Vita Road, Mirpur section 7, Dhaka*' along with their professions. This information also appears on their national ID cards. It is found that inhabitants in other slums of Dhaka city are also recorded in a similar manner but without taking any further information on their monthly income, expenditure, etc. – information that is supposed to accompany their profession. However, this data registration formally confirms and certifies the slum inhabitants to be the legal citizens of Dhaka city, like other inhabitants living in planned and better off residential neighborhoods. Conversely, in practice they are deprived from any legal rights primarily reflecting in the absence of any formal tenure security and the above basic services.

⁴⁶ Depending on the number of rooms, each household pays Tk. 100 (USD 1.48)/month/room to the DESCO workers.

9.1.3 Location of Work Places as *the* Choice Variable for Slum?

With a few exceptions, most (i.e., 96 percent) of Jhilpar's inhabitants work in a wide range of informal jobs that are located in different nearby places. Most of the male-headed and composite household members are found to be engaged in different occupations. Among them the most notable are garment factory workers, lower level office jobs (e.g., clerks, office assistants responsible for refreshment, night guards, etc.), salesmen, shopkeepers, daily vendors (of vegetables, fish, clothes, recyclable products, etc.), day laborers, rickshaw pullers, CNG driven auto rickshaw drivers (popularly known as CNG driver), taxi cab drivers, house maids, beggars, etc. (Picture 9.1.3a). Almost all of the workers are involved in more than one job. All of them have one permanent job where the principal income comes from and another, secondary job that they do part-time to generate the extra earning known as transitory income.



Picture 9.1.3a: Rickshaw drivers are ready for departure, while a shopkeeper is ready for trading; (Source: Author, 2008)

The empirical findings suggest that majority (i.e., 69 percent) of these jobs are located within a 5 kilometer distance of Jhilpar, where they can be reached on foot (see table 9.1.3a). Irrespective of the distance, it takes 10-40 minutes for those who walk to their work each day. Beside this, 30 percent of their works are located at a relatively far distance ranging from 5 to 12 kilometers. In that situation, they have no other option but to take a bus, which is the only available public transport in Dhaka. However, people are unsatisfied with the public bus service because of the fact that it is extremely crowded and the fare is relatively high in relation to its poor level of service. During peak hours, due to high traffic congestion, the public bus takes a substantially long time to get to their workplaces, i.e., it takes around 90 minutes by bus compared to 46 minutes in nearby places by other mode of transportation such as on foot. Moreover, those who travel by bus need to walk for quite a long time from the bus stop to their work. A common trend is noticeable that majority of Jhilpar inhabitants seek jobs that are located within walking

distances. This is due to the fact that travel on foot saves their daily travel time and cost, which is 4 percent of their monthly income.

Table 9.1.2a Choice of travel mode in relation to distance to work places

| Distance to work places (Km.) | Travel mode | | | Total |
|-------------------------------|-------------|--------|-------------------------|-------|
| | On foot | By bus | On foot followed by bus | |
| 0.5-2.6 | 35 | - | - | 35 |
| 2.6-5 | 34 | 1 | - | 35 |
| 5-10 | - | 12 | 8 | 20 |
| 10-12 | - | 2 | 8 | 10 |
| Total | 69 | 15 | 16 | 100 |

(Source: Estimated from questionnaire survey responses ($n = 100$; *missing value = 0*))

It is found that even in a male-headed family, women's incomes account for a major portion (i.e., 30 to 40 percent) of the total income. The majority (81 percent) of female inhabitants are employed as garment factory workers, followed by neighborhood shopkeepers, and house maids for the families located in close proximities. Notably, most of the garment factories, where the female populations are employed, are located within a walking distance (e.g., see picture 9.1.3b).



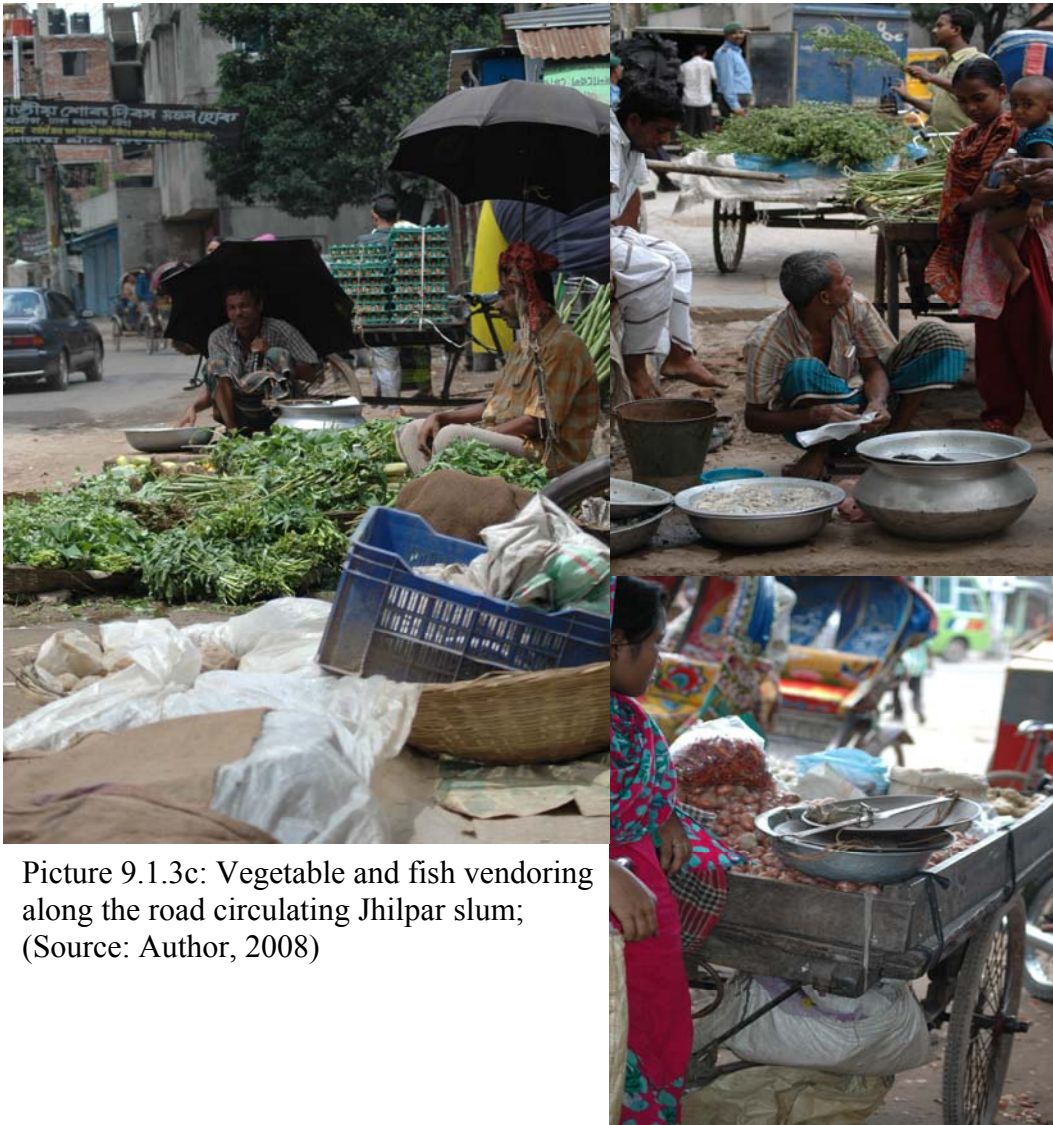
Picture 9.1.3b: A garment factory is located immediately next to Jhilpar slum;

(Source: Author, 2008)

Map 9.1.3a presents the locations of garment factories, shopping malls, open grocery markets (bazaar), office buildings, etc. in the Mirpur highway district. A large portion (89 percent) of the inhabitants is engaged in different types of work along this highway.

Many of the rickshaw pullers and taxi/CNG drivers are working for various private companies located along Mirpur highway too. It is also found that the movement of small vendors is confined around Jhilpar and adjacent areas. This is due to the fact they are required to purchase vegetables, fish, clothes and other commodities from wholesale markets that are situated along the same highway and sell them by moving (on foot or by pulling rickshaw van) around Jhilpar or by sitting at places along the roadside (Picture 9.1.3c).

In answer to the question ‘why did you choose to live in Jhilpar slum?’, 95 percent of respondents considered close proximity (preferably walking distance) to workplaces as the only choice determinant. Looking at employment locations against the locations of Jhilpar, it is understandable that close proximity to work places measured in travel distance, time, and cost is the most important variable that significantly affects their location choice for living. Therefore, Jhilpar has become the central place which generates an imaginary periphery constituting an employment circle determined and limited by estimated travel time, distance, and cost (see map 9.1.3a).



Picture 9.1.3c: Vegetable and fish vendoring along the road circulating Jhilpar slum; (Source: Author, 2008)

9.1.4 Cooperative Business: the Jhilpar Cooperative

Cooperative business is an innovative idea initiated by the Jhilpar inhabitants through the 'Jhilpar Cooperative', which emerged from their need to survive. With the initiative of some senior fellows of the Jhilpar community, this cooperative was established in 1998. From the inception of its operation, the aim has been to financially support its members to meet their basic needs by doing various types of business. Currently, it has a total of 2,134 members, with one from each household living in Jhilpar. Concerning membership, the cooperative maintains a number of criteria that demonstrates a strong sense of community and organization: i) one member from each family would be allowed to be a cooperative member; ii) each member must have been living in Jhilpar for a least period of 5 years; iii) a new member must be recommended by at least two other members; and iv) whatever the money being deposited by the member, it has to be in the cooperative for at least a year before it is eligible for withdrawal (with the exception of dire need or emergency).

It is remarkable that most of the cooperative members are women, who over the years have developed accounting skills and a reputation for family earning, expenditure, and saving. At the operation stage, the cooperative forms a Management Committee where five volunteer members are selected to be responsible for administering, managing, and monitoring cooperative businesses. However, every two months the committee members are altered, allowing other cooperative members to be a part of the management and to feel a sense of organizational ownership. The committee members are required to meet once in a week, on Friday afternoons, for reporting the status on weekly activities and progress to all other members (Picture 9.1.4a).



Picture 9.1.4a: Jhilpar cooperative members are getting ready for a weekly meeting;
(Source: Author, 2008)

It is important to clarify why a cooperative would be called a cooperative business. The simple idea is that small savings from each member are accumulated in order to make the best available business investments. Therefore, each member needs to deposit 50 Tk. (USD 0.74) per month from his/her savings to a designated woman who is a member and at the same time a full-time employee of this cooperative. She, along with the selected committee members, is formally responsible for all financial matters (such as shares,

investments, profits, expenditures, etc. for overall businesses). She receives 2000 Tk. (USD 29.5) as a monthly salary in exchange of her full-time services and dedication, and her responsibilities also include maintaining an inventory of Jhilpar’s families and the duration of their residency. Any family living in Jhilpar at least for 5 years is then welcome to become a member of the cooperative.

In this cooperative business, 50 Tk. (USD 0.74) per month is considered to be one equivalent share and each member is allowed to buy a maximum of 5 shares i.e., the maximum deposit by one member is limited to 250 Tk. (USD 3.7). This mechanism is developed primarily to promote equity-based welfare i.e., among the inhabitants those who are relatively well off would not be able to speculate and over-exploit the business investments at the expense of others. It is found that 90 percent of the members have 5 shares each under their names. However, all the shares are pooled together to create a relatively handsome amount for investment. As there is a popularly known demand for rickshaw and CNG driven auto rickshaw in Dhaka city, the accumulated money is usually spent on purchasing them. Thereafter, those rickshaws are rented out on the following rate of payment with two shifts in a day.

| Types of vehicle | Rate of rent |
|--------------------------|-----------------------------------|
| Rickshaw | 100 Tk. (USD 1.5) for a half day |
| CNG driven auto rickshaw | 300 Tk. (USD 4.41) for a full day |

The empirical findings suggest that while renting out rickshaws, priority is given to its members to generate employment opportunities. Since Jhilpar cooperative now owns 30 rickshaws and 5 CNG driven auto rickshaws, the cooperative’s woman employee and committee members prepare an allocation schedule on bi-monthly basis for its systematic operation. From an equity perspective, the rickshaws are scheduled to be rented out to as many members as possible by allocating different days and sessions to different individuals. Such allocation depends on the need and nature of involvement in member’s primary job. For example, Hasibur Rahman is a member of this cooperative who primarily works as an office assistant during the weekdays (Saturdays to Thursdays). At his request and need, he rents the rickshaw for a half session on Fridays. Notably, there are many like Rahman in the Jhilpar community who depends on the money from primary and transitory sources of income. In a few exceptions, rickshaws are also rented out to non-cooperative members living in Jhilpar, but that has to be recommended by at least two cooperative members. Such collateral is introduced and practiced to avoid any unexpected circumstances, such as stealing, cheating, or any other possible losses. As most of the members are women, the rickshaws are allocated among the member’s male family members.



Map 9.1.3a: Location of Jhilpar slum in relation to workplaces (Source: Field Data & Google earth image, 2008) *(not in scale)*

Due to systematic business operation, the Jhilpar Cooperative has been doing good business, which is reflected in its yearly share of profits offered to its shareholders. For instance, in the beginning of 2008, each member received 615 Tk. (USD 9) in yearly profit⁴⁷ against 1 share being bought 12 months ago i.e., 2007. This leads to the fact that for a share of 50 Tk., the profit becomes 51.25 Tk per month. In terms of absolute figure the profit might not be lucrative but compared to the amount of money being invested, the return is more than double (i.e., 202.50 percent). It is understood that outside the formal domain of financial institutions, the Jhilpar Cooperative demonstrates a remarkable way of doing small businesses, which is aimed at creating welfare for its community members.

It has been seen that most of the members withdraw the full profit, or part of it, generated from their share investments while they keep the actual share along with partial profit for further investment. Then the additional money, in the form of the partial profit, is converted to share calculated at the rate of 50 Tk./share. And this is how the cooperative business gets rolled and expanded. Moreover, after a year of membership, the members become eligible to apply for a loan of maximum 3000 Tk. (USD 44.12) that they plan to use for house repair, children's education and for other necessities. The loan is granted on the conditions that five other members have to be responsible for the applicant, and that the sum has to be repaid in 12 equal installments (250 Tk./month), but without any interest. It is noteworthy that the performance of such loan scheme has been very successful, with a 100 percent recovery rate and without any cases of loan default. This is primarily due to the fact of the efficient and systematic management and operation system of the Jhilpar Cooperative. Also, the mutual trust and social rapport developed among the community members over a long period of time (at least 5 years) has been a significant contributing factor.

9.2 Low-Income Housing Finance: Stands of the Commercial Banks

The Agrani Bank and BASIC banks were selected for interviews in order to understand the prospects of low-income affordable housing embedded in their banking operations. Findings from these interviews are presented accordingly. It is important to note that none from the private commercial banks was selected for interview, due to their predominant focus and business-as-usual approach of doing business with upper-middle and high-income people.

One of the major challenges in conducting these interviews was to uncover the reasons for excluding low-income people from institutional house loans opposing the operational principles of the Agrani Bank. According to the respondent (the Regional Manager for Agrani Bank in Dhaka region), firstly, the urban poor are known to have very low income coming from a variety of different informal sources. However, such informal income sources are yet to be formally recognized and accepted in the inventory of bank's formal employments. Second is their inability to present any collateral in the form of land ownership or land tenure security during the loan application. In most cases, low-income people do not own any land, nor do they have any land tenure security based on which

⁴⁷ Profit is calculated excluding the salary for the woman employee and maintenance cost for rickshaws.

loan application could be made. Hypothetically, even if a housing loan is granted to them, there is no formally acceptable guarantee that they will be able to pay it back in regular installments irrespective of the amount. Moreover, the respondent adds, another complexity of housing loans (their third point) is the government's bureaucratic conditions and sluggish loan sanction process. Generally, there is a long bureaucratic time gap (2-3 years) between the loan sanction event and its actual disbursement.

The success and worldwide dissemination of Grameen Bank's (GB) model of collateral free micro-finance is well known to many people. Hence, the question is asked that why the Agrani Bank does not take any initiative in adopting GB's model to serve the urban poor, thus fulfilling the dictums of this bank. He responds to this point positively by saying that, among others, only the Agrani Bank is considering potentially adopting GB's model to take the urban poor onboard in banking operations. Despite this, he points out to the challenges in time uncertainty - when the GB model will be formally adopted to the finance and banking system is yet to be known for certain, and he could not explain why. However, he adds, the Agrani Bank is pondering expanding the duration for mortgage payments and increasing the number of installments if the poor are formally received as clients in banking operations (e.g., for loan and other related services). In the end, the following question is put forwarded for his final reflection and opinion: if RAJUK (being the prime public housing agency) certifies land tenure security to the slum inhabitants, and if RAJUK seeks housing loans on their behalf, would the Agrani Bank be able to offer interest free or low-interest rate loans? The respondent confirms that there is a special provision within public (organizational) operational scheme certifying that the Agrani Bank should consider offering interest free or low-interest loans to meet the appalling needs (e.g., housing) of low-income people. In that case, the loan would be disbursed to the public organization (e.g., RAJUK) primarily responsible for that need given that organization needs to recoup the loan with a mutually agreed time and installments. Though this has not been a practice yet, such organizational provision holds high potential to take care of basic and prolonged urban problems, such as the lack of affordable low-income housing in Dhaka city.

On BASIC Bank's part, a Branch Manager from Dhaka city is selected for an interview. Concerning eligibility and collateral for loans, they have the same views as the Agrani Bank. However, unlike the Agrani Bank, they disburse housing loans at a relatively high interest rate (i.e., 14.75 percent), which corresponds to the commercial nature of this bank. The application process, however, for such loans is comparatively easier and takes a shorter time for approval, if terms and conditions set by the bank are met by the applicant.

BASIC Bank have a housing loan scheme, which is run by the terms and conditions directed by Bangladesh Bank, where interest of the loan is relatively low i.e., 10 percent. Such low interest rates actually make the loan attractive. But the bank manager argues that such a loan scheme is ridden with bureaucratic complexity and there is a long list of stringent terms and conditions in both the pre and post loan-approval phases. Beside lengthy and complicated procedures, in the pre-approval phase the possibility of loan being sanctioned largely depends on the relationship with any high official in Bangladesh

Bank. The applicant supposedly holding good rapport and kinship with any high ranked officer in Bangladesh Bank has a strong possibility to get the loan approved in relatively short time and vice versa. Not only that, during the post loan-sanction phase, there is a stringent housing loan review and monitoring procedure whereby it is obligatory to prove that the loan has been put to proper use (the use that was applied for). For verification, there are a series of regular visits by the employees of Bangladesh and BASIC Bank to the construction (house) site. There is always a high possibility, which has also become a common phenomenon, that the loan could be discontinued if the borrower fails to comply with any directives given by the Bangladesh Bank. Looking at previous records, he mentions that 85 percent of the applications get rejected in pre-sanction phase and those who manage to get the loan sanctioned, on many occasions fail to comply with terms and conditions during the post sanction phase. According to him, this is a deliberate attempt to screen out low-income people seeking low-interest rate house loans offered by Bangladesh Bank through BASIC Bank.

He confirms that there is no initiative from the top management yet to include GB's micro-credit model to expand the loan coverage i.e., to take low-income people into banking operations. Being a semi-nationalized commercial bank, although they have flexibility to introduce innovative and practical banking ideas and models, he believes that the bank always sticks to business-as-usual banking, which aims for the maximization. This, in turns, creates the bordering line between the operational principles of BASIC and Agrani banks.

9.3 Real Estate Companies in Low-income Housing?

The operative directors from two large real estate developers (Eastern Housing Ltd. and Sheltech Private Ltd.) were interviewed in order to understand their contributions in supplying houses to low-income people. Their perceptions and opinions are arranged through a consideration of constraints and potentials.

Private and public housing organizations are obligated to take into account the need for low-income housing and adopt necessary actions accordingly in partnership or collaboration with each other (NHP, 1993). With this in mind, the directors of these real estate development companies reflect that they are aware of the low-income housing need and their incurred responsibilities but there is no advancement of the actions and guidelines against national housing policy prescriptions by the government. This, in turn, precludes them from acting in the manner they are required to. Whilst these developers hold onto the idea of housing based on a rental scheme for the urban poor, that idea remains one that is still 'on paper', without any functional advancement. However, they unequivocally put forward the following barriers towards affordable low-income housing in Dhaka city:

- i) the urban poor do not own any land, nor have they any land tenure security or land rights;

- ii) the real estate companies are unaware of the urban poor's true level of financial affordability for housing (e.g., how much they will be able to pay as down payment and in different installments, number of installments, installment duration, etc.);
- iii) the urban poor are predominantly engaged in the informal jobs and their incomes are not registered in the national income record;
- iv) last, but not least, the urban poor do not have access to any formal commercial banks that real estate developers consider to be a major financial supporter for their clients, even for high-income people. They raise their concerns that public housing organizations do not deliberate with the real estate companies in developing financial schemes for low-income housing based on the actual financial ability of the urban poor, their sources of income, expenditure pattern and the like.

Against the above barriers, the directors strongly believe that if RAJUK takes effective initiatives for low-income housing loans with a certificate of some form of land tenure guarantee for the urban poor, the real estate developers would be able to embark low-income housing projects, even without any profit. Why without profit? This is driven from their embedded and organizational social welfare motive alongside the fact that high profits from other housing projects will probably compensate the investment in low-income houses. Therefore, they believe that it should be possible not to look at the profit when it comes to low-income housing projects. Also, they believe that if other real estate companies in Dhaka city partly invest in low-income housing projects, beside their major focus on profit-oriented investments, it should be possible to face the long-lasting challenge posed by low-income housing needs. The agglomerated initiatives of the real estate companies should be able to make a significant contribution to the supply of affordable housing to the urban poor. Moreover, their welfare engagement will also establish and expand their business reputations and brands within Dhaka city, which could be further extended to the national and international markets.

9.4 Low-Income Housing: Reflections of NHA, DCC, and RAJUK

9.4.1 NHA

One person from the National Housing Authority (NHA) was interviewed, in order to understand its current role and responsibilities in housing the urban poor. Requesting that his status remain anonymous, he mentions that the role of the NHA has been weakened in relation to its organizational responsibilities and financial support from the government. He continues that though NHA has a national focus on housing for all income populations, considering the number of staff employed at NHA and allocated budget, it is not possible to perform its incurred responsibilities at a country-wide scale. Such a move is further hindered by a gradual shift of major organizational role and responsibilities from NHA to RAJUK. The shift is theoretically supposed to be well coordinated between the two organizations, but in reality is the opposite.

Looking at housing performance in the past, he admits that the NHA had a number of housing projects for the urban poor, but in most occasions, the middle and high-income populations became the ultimate beneficiaries of those projects. He explains that in those

projects, a lottery was the only medium for selecting beneficiaries, and that such a lottery required a well established databank with pertinent information about the incomes of all people. The NHA, however, never had that database. As a step, the potential beneficiaries needed to apply formally in order to be able eligible for the lottery, but the low-income people never had the right information to make such an application at the right time. Moreover, the application needed to be processed through a commercial bank and the applicants had to show a certain amount of money in the possessions of their respective bank accounts. Due to such incompatible application requirements and process, low-income people automatically become excluded from benefiting.

What are endogenous and exogenous factors causing delay to the approval of the amended housing polices (those from 2004) approved? In response, the NHA officer explained that the Ministry of Housing and Public Works finally approves the revised housing policies. But before it goes to the ministerial steering committee, it needs to be reviewed by a number of ministerial bodies, departments and top-level political and administrative members, including ministers. The ministry is usually engulfed with lot of pending files and has other priorities. Therefore, he is afraid that still more time will be required before Housing Policy, 2004 will receive final approval. The view of housing as a consumptive sector is also seen as a contributing factor behind the delay. In a response to the question of whether the government can enforce national housing policies by employing legislative power, he clarifies that there is no legislative barrier on the government's part to legally enforcing housing policies for their successful implementation.

9.4.2 Caretaker Office of DCC

During the interview session, the Director of the Caretaker Office at DCC mentions that Jhilpar's inhabitants neither have any land title nor any land tenure security or rights. Essentially, no initiative has been furthered to certify any type of tenure security. He recognizes that RAJUK is supposedly the forerunner to take proper actions and initiatives for low-income housing projects where issues of land tenure, title or land rights should be settled down. At the same time, he does not disregard the fact that DCC should consistently coordinate with RAJUK in matters of supplying basic urban services, which should happen regularly in any case.

9.4.3 RAJUK

Two town planners of RAJUK were interviewed to understand the contributing power of DAP, the last tier of DMDP, in housing the urban poor. They were asked for their opinions about the way in which proposals for low-income housing projects will bring benefits to the urban poor when all the projects are located out in the fringe areas of Dhaka city, where employment options are almost absent. They reply with a deep sense of uncertainty about whether those projects will benefit the poor at all. They respond frankly that there is no research or study on the locational analysis of slums that confirms suitable relocation sites for low-income housing. They acknowledge that most of the

proposals made in DAP are based on superficial ideas about the real life facts of low-income people.

As a part of donors' requirements⁴⁸, RAJUK needed to hire foreign consultants with high salaries who did not have adequate knowledge of the local context despite the fact that they are specialized in their respective fields. The lack of any pilot study on the informal operation and practice of low-income housing has also contributed to a lack of education about the context they are assigned to work in. Consequently, any recommendations made in DAP become unrealistic. Moreover, as RAJUK needs to recover its investment cost on the preparation of the plan and administration, proposals made in DAP became biased towards profit-oriented development, reflected in expensive sites and services provision for low-income house development.

Concerning two intriguing issues - collateral (e.g., land title, tenure security, land rights, etc.) and true level of financial affordability of urban poor - they realize that it is important to understand the types of land tenure security that would be more suitable (as opposed to not stereotypical land titling) for the poor and in line with their financial affordability. They are, however, hopeful that RAJUK is reviewing and looking into these issues, but is still some time away from any feasible solution. They admit that finding a sustainable solution will require strong coordination between RAJUK and other private and public housing agencies and financial institutions. In response to the question of whether RAJUK is ready to start deliberation and cooperation with other housing gatekeepers in the required manner, they believe that RAJUK is open to adopt flexible approaches and actions in taking care of the low-income housing needs and associated challenges.

9.4.4 General Reflection

Generally, all the respondents from NHA, the Caretaker Office at DCC, and RAJUK admit that there is obviously a lack of coordination and functional responsibilities among the concerned public housing agencies. Often overlapping responsibilities make public agencies reluctant to act, as they assume that others will do the job for them. Moreover, theoretical practice of coordination takes place only in preparing plans, instrumenting housing policies, and developing projects, but the adequacy of such functional coordination is far from what is truly needed for the low-income community.

⁴⁸ DMDP is partly funded by UNDP and the government of Bangladesh (DMDP, 1995)

CHAPTER TEN: HOUSING THE URBAN POOR – A MYTH OR REALITY?

This chapter discusses directive prescriptions and actions for a social housing business model for low-income people, based on the empirical findings of this study. It starts by considering the importance of the employment-housing nexus that affects decisions about low-income housing projects. The conventional wisdom with regard to land tenure security and its practice is then discussed, and informality is presented as an aspect that challenges typical banking operations. The analysis continues by challenging land title as the only tenure option for low-income housing. The discrepancies between notions of recognition and performance are also discussed, in order to make further arguments regarding the government's 'give away' oriented mindset in relation to 'investment'. In answering the central question of the study, a knowledge gap in understanding housing informality is identified, and the rational ground to bridge it is developed. Based on the arguments and discussion, a social housing model for multi-storey apartments in Jhilpar is prescribed, which aims to supply affordable houses to the urban poor of Dhaka city.

10.1 The Location Factor (*employment-housing nexus*) influencing Resettlement Proposals

The empirical findings from Jhilpar slum clearly reveal that the location of employment is the most deterministic (in fact, the only) choice variable that decides places of residence. This relation can be understood through the concept of an 'employment-housing nexus'. The choice of Jhilpar as a residential location is strongly influenced by the inhabitants' ability to walk to their places of employment, as walking not only saves on transportation costs, but also on time. However, in the detailed area plan (DAP) for Jhilpar, RAJUK proposes to relocate the urban poor to fringe areas that lack employment opportunities. Clearly RAJUK do not have any understanding of the nexus which exists between the current locations of slums and the location of the employment that slum dwellers are engaged in. It could be further argued that such resettlement proposals have emerged as a response to the typical 'quick fix' strategy, which is pursued without understanding the nature of the problem.

10.2 Land Tenure Security: Informal Practice and Conventional Wisdom

The findings of this study show that under informal practice, the de facto owners of Jhilpar slum are involved in trading off tenure security against the payment of mutually agreed monthly ransom to the slum lords. This is a clear illustration of purchasing temporary tenure security and rights and passing it on to the de facto tenants. This hierarchical process and power structure has developed since Jhilpar was formed as a slum and has been running well, with only a few cases of disagreement. The government is contradicting itself: while formally acknowledging and certifying the Jhilpar inhabitants as citizens and Jhilpar slum as a legal entity, it does not give any formal land tenure security or acknowledge the land rights that already informally exist in Jhilpar slum. This is, therefore, a clear demonstration of the public housing organizations' lack

of knowledge regarding the successful informal trade of land tenure security being practiced between the slum lords, de facto owners, and tenants.

10.3 Challenging the Conventional Banking Operations

It is reiterated in national housing policies that the Grameen Bank's collateral free micro-credit model will be applied in order to make housing loans available for low-income people, but actions and guidelines are not put forward in order to achieve this. The empirical findings of this study indicate that the Agrani Bank accepts the credibility of GB's micro-finance model for housing loans and hence has decided to adopt this model in expanding housing loan coverage to Dhaka's urban poor. But the prolongation of such an adoption points to the bank's inability to start disbursing loans for low-income housing development. It is obvious that this inability is caused by the absence of any land tenure security as collateral, even though such collateral already exists in Jhilpar slum but simply remains unexplored due to its informality. It could therefore be argued that the Agrani Bank does not possess knowledge of the informal practices of land tenure security and that this precludes the expansion of housing loan coverage to low-income people. On the contrary, the Jhilpar Cooperative, an informal financial institution, is the main source of finance for its members and has been operating successfully outside the formality box of the financial institutions. The innovative nature of this cooperative is reflected in its systematic organization, management, and operations. Moreover, it is a response to the inability of formal financial institutions to benefit low-income people, as the cooperative does not require land ownership or tenure security certificates to establish collateral. Despite living in the slum, the collective innovative business effort enables the cooperative to disburse collateral free loans (maximum USD 44.12) to its members, where the repayment rate is 100 percent. The Jhilpar Cooperative is a demonstration of a challenge to the public commercial banks (i.e., the Agrani bank) whereby conventional collateral is replaced by mutual trust, kinship, and group responsibilities.

The membership criteria for the Jhilpar Cooperative – which requires members to stay with the cooperative for at least 5 years – constitutes a significant and thoughtful alternative for collateral that allows the members to develop mutual trust and rapport. The duration of stay for membership is also an indication that Jhilpar inhabitants tend to live in one particular place for longer time – a tendency which, in turn, supports the claim that the urban poor tend to choose places to live for longer duration or even permanently when employment is located in close proximity.

The empirical findings suggest that the Jhilpar Cooperative has 100 percent loan recovery performance with no non-performing loans, which is somewhat opposite to the performance by commercial banks and HBFC. It is understandable that leaving out approximately 50 percent of Dhaka's low-income population from the formal banking operations is partly contributing to the high percentage of non-performing loans held by the formal commercial banks. This study demonstrates that Jhilpar's inhabitants are worthwhile banking clients for the formal commercial banks (such as the Agrani bank), even without conventional collateral for land ownership. By understanding the bankability of Jhilpar's inhabitants, formal banking operations engaged in giving out

housing loans might potentially take this group on as clients and hence make efforts to tackle the challenges posed by a high percentage of loan default and non-performing loans.

10.4 Land Title driven Challenges in Low-Income Housing Projects

10.4.1 Duration of Installment

NHA-initiated 'site and services' plots for low-income people require only 4 years as the installment period for becoming the plot owner. In the Bhasantek rehabilitation project, it is also found that the engaged private housing agency eventually reduced the mortgage duration from 10 years to 5 years with high monthly installments. The empirical findings of this study reveal that Jhilpar inhabitants pay more than 30 percent of their monthly income for rent and other services such as house repair, electricity, and water. If this finding is read in conjunction with the theoretical outcome posed by Kamruzzaman and Ogura (2008), then it is clear that the average affordable installment duration for low-income people would be at least 11 years. As such, the 5-year installment duration for Bhasantek apartments, or 4 years for the NHA-initiated site and services plots, obviously go beyond the financial affordability of Jhilpar inhabitants and other urban poor in Dhaka. Due to a lack of knowledge about the actual housing affordability of the urban poor, the housing agencies repeatedly recommended shorter durations for installments, resulting in high monthly installments. Moreover, the DUIP-run low-income housing project in Mirpur suggests that a plot allotment process based on a lottery system did not benefit the urban poor either. The empirical findings suggest that while Jhilpar's inhabitants were registered in the national data record (under the 'Jhilpar slum'), information about their monthly income was not placed on record. This information could potentially have been used to create a financial parameter index for Jhilpar's inhabitants, which in turn could have been used to figure out affordable payments for each installment and the duration of the total payment towards land ownership, if any low-income project were undertaken.

10.4.2 Challenges in Land Title Transfer

Land title/ownership provision is the most commonly suggested land tenure security option for low-income housing projects in Dhaka city. One challenge of public (Khas) land title is its transfer process (e.g., from the government to the low-income people) as it is often associated with litigation/disputes, the settlement of which entails a lengthy and expensive process overseen by the Land Appeals Board. It is understood from the empirical findings that such settlement expenses for land titleship will not be able to be born by Jhilpar's inhabitants after their required expenses on other necessities. Even after taking loans from the Jhilpar Cooperative, the inhabitants will never be able to continue to meet such expenses over 15-20 years. DLRS does not regularly update the Khas land inventory and this in turn makes it unable to produce recent changes in land title, lease, dispute, conflict, illegal appropriation, etc. Moreover, DLRS does not deal with Khas land in Dhaka city; hence it has no functional cooperation with RAJUK in this regard. Therefore, it could be argued that RAJUK's resettlement proposal for the Jhilpar

inhabitants, along with others, to fringe (Khas) land is most likely associated with conflict or litigations or lands which are already in the grip of powerful land grabbers. As a result, if that proposal is approved for implementation, the low-income people may not be able to have land title transferred to their names in the foreseeable future. It is further noted that all of those areas of Khas land are located on the fringe of Dhaka city. Based on the employment-housing nexus of Jhilpar it is understood that, as the inhabitants will never move to those places, Khas land will not be able to expand the supply of land for low-income housing but for others.

10.5 Challenging the Conventional Wisdom on Low-income Housing

A number of unsuccessful low-income housing stories in Dhaka city are discussed in this study. Despite these cases, the government never acknowledges (either in national housing policies, development plans or DAP) that the urban poor are financially unable to receive government-provided stereotyped housing schemes, such as the Site and Services Scheme plots or multi-storey apartments with titles. This lack of acknowledgement motivates the argument that government does not possess knowledge about the informality reflected by the informal operation of community-based financial institutions such as the Jhilpar Cooperative, which unconventionally disburses collateral-free loans and generates income options, termed ‘tertiary income’, to its members living in Jhilpar. Inhabitants of this slum are found to be paying relatively higher per unit house rent than the middle-income and almost similar levels as high-income people. Further, the trade-off for temporary rental tenure security in exchange for regular ransom is another feature of the Jhilpar slum that is outside of the conventional knowledge of the government. The government does not take into account such facts and parameters in designing low-income affordable housing projects, and such projects do not reflect current informal practices and residents’ true financial affordability (i.e., the amount of monthly installment that they will actually be able to pay; what kind of financial and institutional supports would be needed in addition to the service given by the Jhilpar Cooperative; or even whether house rental instead of land title would be practically and financially a viable option for them, etc.). Based upon this view, it could be argued that recognition of such informality is totally missing in the design of low-income housing and in talk about low-income affordable housing in Dhaka.

10.6 Insights from Low-Income Housing Projects

Despite other limitations, the Bhasantek project introduced the public and private partnership concept for the first time in low-income housing project in Dhaka. Whilst for the developer such a partnership is primarily based on a business-as-usual approach whereby profit is to be maximized, the inauguration of such practice certainly introduces an avenue for mutual interests and benefits based on the respective capacities and resources of partners.

The empirical findings show that the maximum floor height of houses in Jhilpar is two stories, demonstrating one effect of the urbanization of poverty. Understanding the challenges generated by the urbanization of poverty, this limitation is taken into account

in a positive manner in the design of the NHA-initiated housing projects in Mirpur and Bhasantek, where multi-storey buildings are proposed to be constructed.

10.7 Discrepancy: Recognition vs. Performance

The empirical findings suggest that the key reasons for the delay in approving national housing policy (2004) is administrative bureaucracy, and the low priority given to the housing sector (a result of understanding it as a consumptive good). In comparison to this view, the study findings reveal that Jhilpar inhabitants are employed in a wide diversity of informal jobs (e.g., garment workers, clerical office jobs, salesmen, rickshaw pullers, house maid/ domestic servants, day laborers, etc.), a diversity that clearly signifies their importance and contribution to the surrounding neighborhoods and overall city economy. Moreover, the low priority that the government places on the housing sector contradicts what is being stated in national housing policies, national development plans, and DMDP – housing is an important sector to develop a sound base for the city's economic growth. Such a discrepancy therefore raises serious questions about the government's true knowledge about the direct and indirect effects of housing on the growth and sustenance of the overall economy of Dhaka city. However, the government is only able to implicitly understand the direct and visible effects of housing, reflected in the development of over-standard, luxurious housing quarters for the mid and high-ranked public employees located in various prime locations in Dhaka city.

10.8 Shift from 'Give Away' to 'Investment'

It is implicit in low-income housing projects such as in Mirpur and Bhasantek that the government tends to be the loser as it gives away its land with the aim of benefiting the urban poor. However, I would argue that government never tends to 'invest' in low-income housing projects where the investment is expected to be returned in the short or long run. This approach contrasts with its investment mindset for the housing projects dedicated to upper-middle and high-income people. It is understandable that no public housing agency in Dhaka city will be able to perform its incurred responsibilities if it is run on a 'give away' concept without being able to get the investment back, if not profit. From the above empirical discussion, I further argue that the prevalence of the government's 'give away' concept is driven by its lack of understanding and knowledge about the actual financial strength of the slum dwellers in Jhilpar (which is seen as typically representing publicly owned slums in Dhaka city). The government, therefore, assumes that 'give away' should be the only welfare strategy for housing the urban poor.

The empirical findings from Jhilpar suggest that the solution being prescribed by the government – the DAP, a proposal for resettling low-income households to fringe areas through very high density development – is impractical. The impracticality of this solution derives from the dilemma that the government cannot afford to give away resources for various low-income projects while at the same time trying to fulfill its responsibility to provide low-income housing options. To get rid of this dilemma, the government must retain its investment mindset: to be able to get the investment back in a short or long term, it must shift its operational principle from 'give away' to 'investment'

when it comes to low-income housing projects (as presented in figure 10.8a). Taking into account the government’s existing social welfare mindset, this required shift eventually leads to the social business perspective towards affordable low-income housing in Jhilpar.

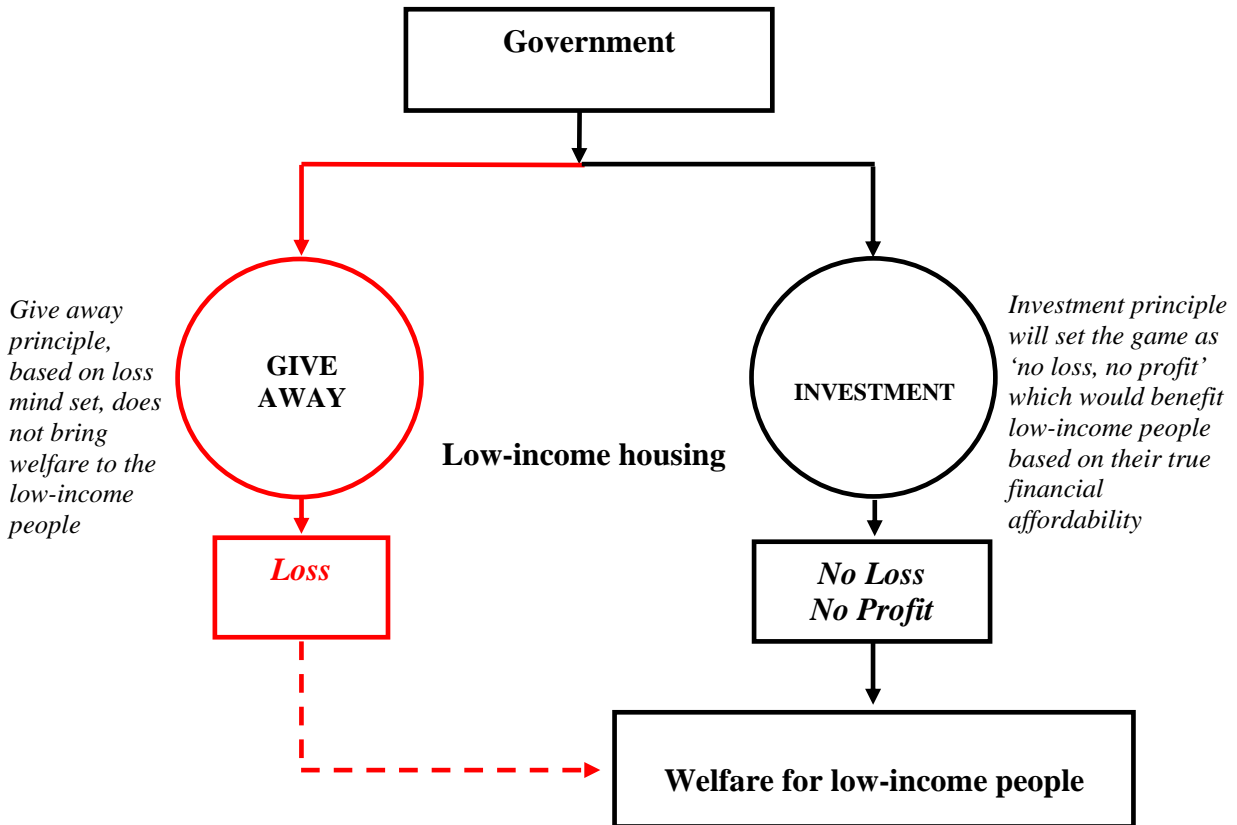


Figure 10.8a From ‘Give away’ to ‘Investment’: Government’s welfare principle on low-income housing projects (Source: own construct)

10.9 Low-Income Housing as Social Business: A Prescription

This section discusses how the housing gatekeepers (e.g., public housing agencies, commercial banks, and other financial institutions), who at present share a social welfare mindset, must work for low-income housing in line with the true financial affordability of the urban poor. Government must understand the actual financial strength and capability of the urban poor, factors that remains outside of the knowledge contained within the ‘formality’ box. Here ‘formality’ refers to the conventional knowledge of the housing gatekeepers on the financial affordability of the urban poor. Essentially, housing gatekeepers must gain knowledge about the informality that is found in Jhilpar’s low-income area, as shown in the amount and rate of monthly house rent; house repair and maintenance costs; costs for available (that is, whatever the means are) urban services; and in the systematic organization, management, and operation of informal Jhilpar

Cooperative as a financial institution; as well as the tradeoff of temporary tenure security for mutually agreed ransom. It could be strongly argued that properly understanding these facets would allow the gatekeepers to shift their operational principle from ‘give away’ to ‘investment’, whereby investment in low-income housing would be seen as a social business able to retain the investment in the long run (see figure 10.8a). The required features of ‘low-income housing as a social business’ are discussed below.

10.9.1 A Rights-based Approach as the New Form of Tenure Security

Within the framework of low-income housing as a social business, RAJUK must be able to provide land tenure security to Jhilpar’s inhabitants whilst addressing the question of the form of land tenure security that would be most suitable for them. Looking at the informal rental agreement in Jhilpar and its operational effectiveness, I propose a ‘rights-based approach’ i.e., rights based on ‘rental agreement’ as the most viable option. Under this form of tenure security, Jhilpar’s inhabitants would not be required to pay down payments or monthly installments that require financial assistance from financial institutions. Rather, they would only pay regular monthly rent – a current practice identified empirically in this study. As per the existing practice of paying monthly rent, the inhabitants’ rights of stay will be generated and guaranteed from rental agreements where they will be allowed to stay initially for 5 years with a possible extension for a longer time span based on their performance with respect to, among other conditions, rental payment. The question of why 5 years will be chosen as the initial/trial duration for stay demands clarification. The empirical findings of this study suggest that 5 years is considered to be an adequate period to build trust and rapport among the inhabitants. As such, after 5 years they are considered to be eligible for cooperative memberships where trust is considered as the only collateral for a loan.

On the question of low-rise or multi-storey apartment housing, the empirical findings, along with the low-income housing projects in Bhasantek and Mirpur, suggest that multi-storey apartment housing will be the most viable choice for Jhilpar’s inhabitants. Besides promoting high-density development, such apartments will be able to take on the challenges posed by urbanization of poverty.

10.9.2 Accepting the Informal Rental Agreement

The empirical findings of this study show that there already exist an established and well-practiced set of rental rights between de facto owners and tenants, based on verbal rental agreements. Under the proposed low-income housing as a social business model, de facto owners would not exist and rental agreements would take place between the tenants and RAJUK (the proposed owner of Jhilpar’s multi-storey housing apartments). Hence, the existing power structure and trade-off between the slum lords, de facto owners, and tenants will conceivably be demolished, with RAJUK taking over as the legal owner and purveyor of the Jhilpar community. The prospect of a new rental agreement between RAJUK and tenants raises the question of whether there will be any need for a legal rental regulation for the low-income housing. Looking at the lengthy time required and administrative bureaucracies involved in revising existing rent control ordinance (1991), I

do not propose that customary rental regulation be formalized and legalized as ordinance. Rather, the verbal rental agreement being successfully, informally practiced in the Jhilpar community should be granted as a proven document with perhaps some modifications. In order to establish and protect tenants' rights, the following key issues must be enclosed or considered in the rental agreement:

- i) the tenant will have the legal right to live in a Jhilpar housing apartment for a period of at least 5 years, and the extension of stay will be subject to his/her performance on, for example, house rent payment and in compliance with other regulations mutually approved through the rental agreement;
- ii) the tenant shall be responsible for the repair and maintenance of their respective housing units and associated costs;
- iii) the tenant must be to pay monthly house rent along with electricity and other utility service bills, etc.

10.9.3 Criterion for Selecting the Urban Poor

In achieving low-income housing under social business tenets, the way in which other low-income inhabitants in Dhaka city, beside Jhilpar slum, will be selected for tenure rental security forms an issue of concern. Looking at the ambiguous and ineffective selection process based on the lottery system, I propose that low-income populations should be chosen depending on their current places of residence (the slums). This should not constitute a daunting task for the housing gatekeepers, as there is already an established national databank which includes the residents of Jhilpar and other poor inhabitants and their respective locations in Dhaka city.

10.9.4 Financial Partner and Guarantor in Social Housing Business

It is understandable that RAJUK will not be able to finance multi-storey housing apartments for Jhilpar's inhabitants. This will require financial support from the Agrani Bank as a financial partner, and the expertise and continuous engagement of real estate companies such as Eastern housing and Sheltech as real estate partners. Notably, the empirical findings of this study revealed that if RAJUK takes on the entire liability for any housing loan in meeting the acute low-income housing need, the Agrani Bank will offer interest free or low-interest rate loans. Based on this promising clause, it is proposed that RAJUK seek housing loans on behalf of Jhilpar's inhabitants based on the fact of their ability to meet monthly house rent, which in turn will be considered to be the regular mortgage payment for the Agrani Bank (*see Phase I of figure 10.9b*). Then, RAJUK will be in a position to shift its operational principle to 'invest' in Jhilpar housing with a no loss, no profit orientation. Irrespective of the amount of the housing loan that RAJUK will receive from the Agrani Bank, it is proposed that the tenant pay an amount of USD 44.12 as a monthly house rent for one housing apartment. The aggregated house rent will be paid back to the Agrani Bank for the duration of time period agreed by the gatekeepers. After reaching the break-even point for the proposed construction of the Jhilpar multi-storey housing apartments, RAJUK will be able to invest regular house rent

in similar housing projects in other slums of Dhaka city, or establish a social housing fund for further investment in housing the urban poor.

For the Agrani Bank, RAJUK itself would be the ‘guarantor’ for special housing loans; the financial ability of housing rent to act as the mortgage payment of Jhilpar inhabitants is the ‘collateral’ for RAJUK. But the question left is: what guarantee will RAJUK have that tenants will pay their rent on a monthly basis? In fact, the current practices, management, and organization of the Jhilpar Cooperative will address this concern. The sense of ownership and mutual trust among the cooperative members, as well as the organizational power of the Jhilpar Cooperative, will be employed in the functional operation of the proposed multi-storey apartments. How? The loan approval principle of the Jhilpar Cooperative, which holds that 5 other tenants will oversee each individual tenant’s rent performance, will be used. To impose social pressure tenants, each shall be obligated to pay rent to the managing committee of the Jhilpar Cooperative, who in turn will hand over the collected rents to the Agrani Bank and officially notify RAJUK.

Besides institutional and policy-oriented obligations, what are the other incentives that will induce RAJUK to become involved in social business oriented low-income housing projects? The election manifesto of the ruling government emphasizes the need for housing for all income classes of the society. Low-income housing comprises a significant part of the manifesto⁴⁹, which will make them work along the line of proposed housing as a social business. Further, recent successes with primary education⁵⁰ (another social welfare and need driven project) will encourage the government to operate affordable low-income housing projects in order to advance social welfare coverage and meet one of the basic needs of the society. For the Agrani Bank’s part, investment in the proposed Jhilpar social housing business will reduce the number of existing non-performing loans.

The question of whether the Agrani Bank alone is capable of financing low-income housing as a social business does present an area of concern. The Agrani Bank faces a big challenge in meeting the housing demand of an estimated 4.5 million slum inhabitants in Dhaka city. Who else might come forward to give help to this social business? It is conceivable that other commercial banks and international donors, or funding agencies that address wider issues of social welfare, and that are predominantly engaged in charity (give away) oriented activities, will be able to finance this business, as they will get their investments back in the long run while at the same time being able to bring sustained welfare to people who are in extreme need. The government, in that case, might be able to play a pro-active role in setting the financial terms and conditions for those national and international investors.

⁴⁹ http://www.albd.org/autoalbd/index.php?option=com_content&task=view&id=367&Itemid=1 (accessed on January 8, 2010).

⁵⁰ Since 2003, the rate of enrolment in primary education increased to 83 percent, and female participation has improved considerably. Teacher participation has increased to 38 percent and parents’ participation in teaching-learning practices is a new dimension contributing to greater success in improving the quality of primary education (UNICEF, 2008).

10.9.5 Real Estate Companies as Partners in Construction

Having addressed the housing financier and guarantor, the next question to be addressed concerns the construction partner to be contracted with the Jhilpar multi-storey apartments. The empirical findings of this study reveal that besides the institutional obligation generated by national housing policies, both Sheltech and Eastern Housing Ltd. have strong incentives to be potentially engaged in constructing Jhilpar housing. As such, once the key barriers and challenges such as land tenure security, financial services, and the like are guaranteed to be taken care by RAJUK and the Agrani Bank, both real estate companies will be able to activate their role as potential partners for joint venture construction under the umbrella of social business (*see Phase II of figure 10.9b*). Empirically, the ideology and business mindset of real estate companies appear to be very similar to those of multi-national social business partners (such as Danone, BASF, Veolia, Intel, etc.), who in Bangladesh establish and expand the loyalty of their brands in the national and international markets while generating welfare for low-income people. Therefore, in line with the governmental operational shift towards an enabling strategy, the proposed social housing business for Jhilpar inhabitants will create a congenial environment whereby all the gatekeepers (e.g., RAJUK, the Agrani Bank, Sheltech, and Eastern Housing Ltd.) will be able to act together as partners for a common welfare goal with their respective capacities and strengths. Again, such partnership predominantly relies on the true knowledge and understanding of the ‘informality’ that is seen in the Jhilpar low-income housing area.

10.9.6 Construction strategy

In the proposed model (Jhilpar housing as a social business), real estate companies will be employed in designing buildings and will take on the entire responsibility for the construction. During the construction stage, it is conceivable that the Jhilpar Cooperative will be able to lend a hand by supplying daily construction laborers from the member community. This model also proposes that the Jhilpar Cooperative, with its managerial and organizational skills, will cooperate with the real estate companies to monitor and review the overall construction. Moreover, upon finishing the entire construction, it is proposed that the Jhilpar Cooperative take regular responsibility for the major repair and maintenance works of the proposed housing apartments.

During the construction phase, the question will arise as to whether the apartment buildings will be constructed on an incremental basis or altogether. On this issue, I propose to divide the Jhilpar community area into small blocks where the construction takes place on an incremental basis (i.e., a tiny block will be constructed first, and then building activities move on to the other blocks). The block-wise incremental construction will let the inhabitants of each tiny block temporarily stay, for example, with their neighbors. In this way, the construction process will avoid disrupting regular activities and employment.

While designing the housing units, the size of the apartment unit should comply with the financial affordability and average household size (i.e., 4) of Jhilpar inhabitants – factors

revealed empirically through this study. However, the proposed dimensions of the apartment units should be in accordance with the principle of ‘maximum use of the minimum space’. Moreover, to reduce the total cost of each apartment unit, inexpensive, strong, and durable materials should be used. This, however, does not fall within the scope of this study but could be addressed in future work.

10.9.7 Service Providers: DCC, DWASA, and DESCO

Upon the involvement of other housing key gatekeepers, DCC would automatically become involved in the construction and maintenance of pedestrian roads and the drainage system inside the Jhilpar community. DWASA would also be engaged in providing drinking water and sewerage connections to the proposed multi-storey apartment buildings. Their involvement in this social business would be driven by the following two factors: i) organizational responsibilities; and ii) inhabitants’ financial ability to pay for those given services. The same driving forces would prompt DESCO to provide legal electricity connections to the proposed Jhilpar multi-storey apartments. Compared to their current costs for illegal electricity, the tenants would be paying relatively less for a legal electricity supply. Like holding tax (comprising property and conservancy tax), the water and sewerage tariff is also very low (i.e., 0.90 USD per month) which conceivably will be within the financial means of Jhilpar inhabitants. Along with monthly house rent, it is proposed that the Jhilpar Cooperative make all payments for the holding tax to DCC, water and sewerage bill to WASA, and the electricity bill to DESCO after collecting these payments from the tenants of individual apartment units (*see Phase III of figure 10.9b*). Besides this responsibility, it is proposed that the Jhilpar Cooperative run its core business to generate transitory and tertiary incomes.

Based on the above proposal and discussion, the model for social business based Jhilpar multi-storey apartments is diagrammatically illustrated in figure 10.9b, where the proposed functions of the engaged housing gatekeepers are briefly depicted.

10.10 Private-Private Partnerships for Social Business

It is noteworthy that the proposed model of a social business for multi-storey housing apartments in Jhilpar is based on a public-private partnership. It would also be possible to establish private-private partnerships to produce low-income affordable housing as the outcome of social business. In that case, the Grameen Bank would conceivably replace RAJUK and the Agrani Bank, to act both as a financier and guarantor for the housing investment. Why the Grameen Bank? Being the pioneer of social business, the Grameen Bank demonstrates a unique and effective way of doing business by addressing the problems faced by low-income people. Looking at the multi-dimensional expansion of social business, it is obvious that the Grameen Bank is open to any social business idea that addresses societal problems. As such, the Grameen Bank would be interested in offering a hand to the proposed model of social business, if it is supported by RAJUK - which, in line with the above arguments, is very likely to take place in reality.

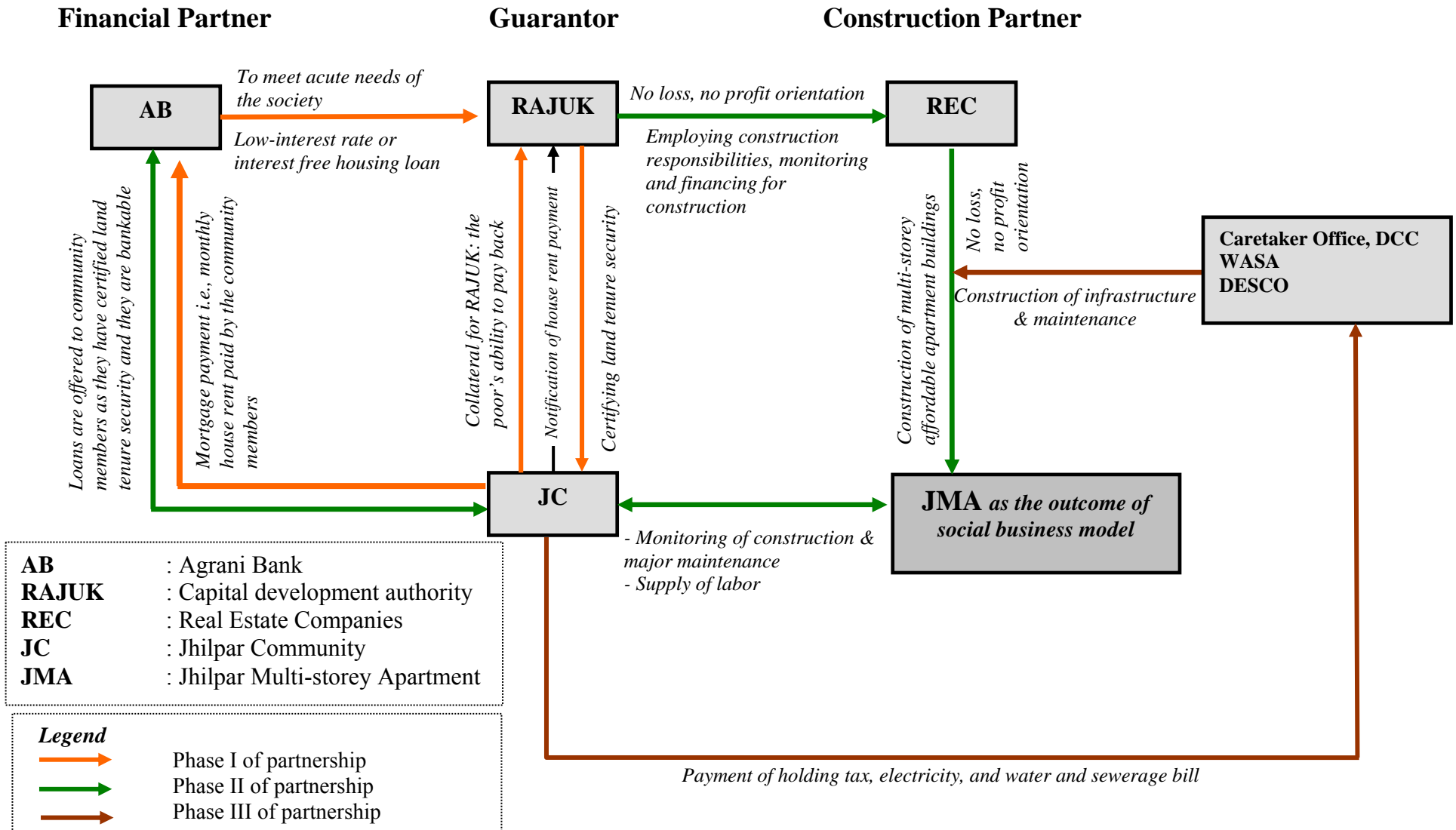


Figure 10.9b Proposed Social business model for Jhilpar multi-storied housing apartment; (Source: own construct)

CHAPTER ELEVEN: CONCLUDING REMARKS – CONFRONTING THE IMPASSE

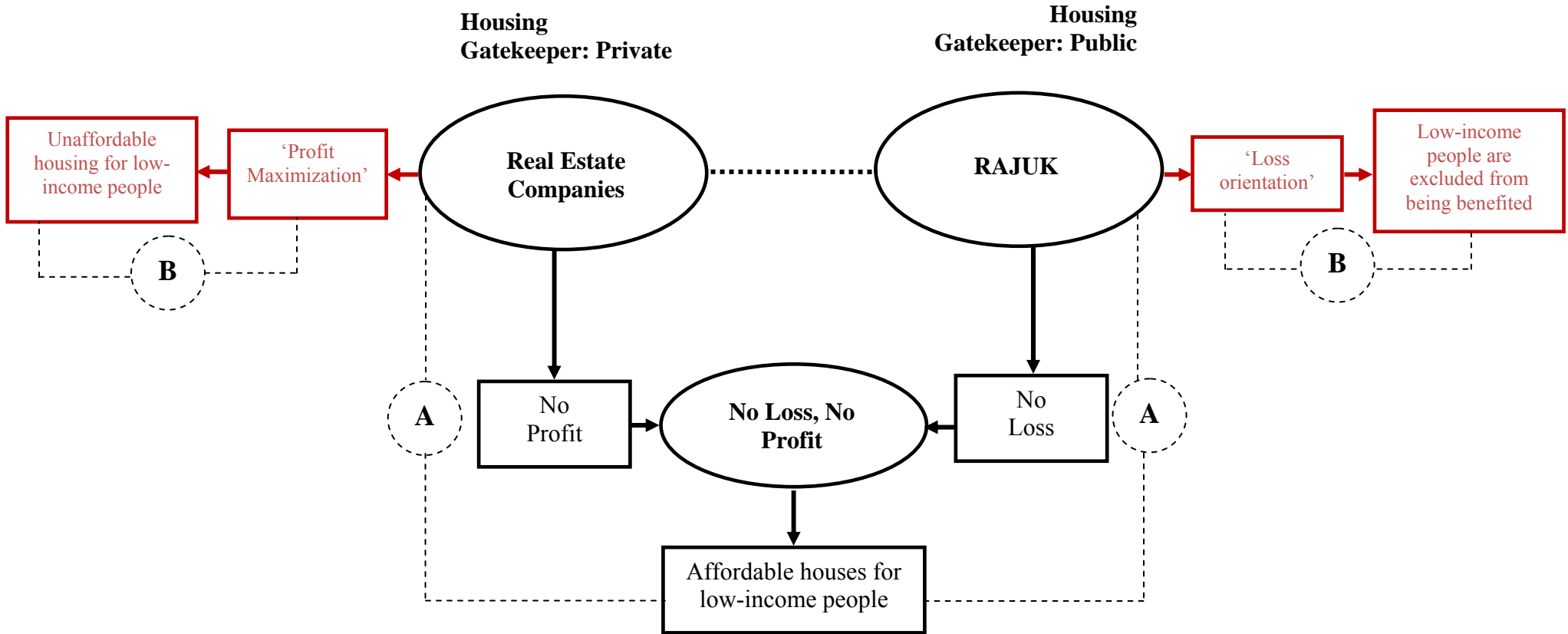
This chapter looks back the theories and concepts explored within the thesis and draws out their relevance to the empirical discussion set out within this study. The organizational change perspective is explored at the outset, in order to assess its theoretical fitness with respect to organizational practices in housing in Dhaka city. Theories of local governance are then discussed in order to identify the intellectual, social, and political capitals in housing governance aiming at serving the urban poor. Theories of deliberative dialogue reveal the importance of recognizing ‘informality’ in its current format, and – through a discussion of partnerships – short and long term goals are set in order to drive the motor of proposed Jhilpar housing model. To understand the similarities between and uniqueness of the typical urban land tenure securities, a few empirically identified types are discussed. Conclusions are drawn with respect to the provision of low-income housing through the application of a Jhilpar housing model, and the model is discussed with regard to its power to improve the impasse of low-income housing projects. Finally, the scope for future research is addressed.

11.1 Perspectives on Organizational Change Processes in ‘Formality’ and ‘Informality’

Kotter’s (1996) change process provides insight on the steps embedded in the process and on the challenges and struggles to be faced in working towards organizational change. Nevertheless, those steps are not necessarily being followed in the context of Dhaka in the stated sequence in order to produce and establish desired changes. However, based on the empirical findings of this study and proposed model for a social housing business for the Jhilpar community, Kotter’s (1996) organizational change process is discussed in accordance with low-income housing in Dhaka.

First, ‘establishing a sense of urgency’ is the starting step for the change process being seen in public housing agencies (i.e., RAJUK and NHA), reflected in periodical low-income housing projects in Dhaka city. However, due to a ‘give away’ principle, these housing gatekeepers have never been able to afford the incurred losses. Moreover, this orientation of the public housing agencies prompted actions that became unrealistic (as was found with respect to the DAP). Consequently, allied housing gatekeepers have become reluctant and there is little incentive to coordinate or act as partners in the manner required. However, this study demonstrates that the social welfare shift in operational principles from ‘give away’ to ‘investment’ (for public agencies) and from ‘profit orientation’ to ‘non-profit business’ (for private agencies) would make the housing gatekeepers transform the sense of urgency into realistic actions for a ‘win-win’ situation, as shown in figure 11.1a.

Second, in addressing the need to ‘create a powerful guiding coalition’, it is noted that the powerful leaders constitute top-ranked administrative officials of public and private housing agencies in Dhaka. Once the aforementioned operational principle starts to shift,



B ----- Real estate companies profit oriented housing projects does not benefit low-income people. Hence, this study suggests that social business mindset 'no profit' would make them invest in low-income houses – path 'A'. RAJUK's loss orientation in low-income housing projects makes the urban poor disadvantaged by serving other income people instead. Again, social business mindset 'no loss' will change the entire operational principle that leads to path 'A' where affordable houses for low-income people are produced.

Figure 11.1a Shifting operational principle of housing gatekeepers in low-income social housing business; (Source: own construct)

it will be convenient for the leading officials to mobilize other organizational members to work for the same sense of urgency.

Pierson's (2000) 'path dependency', by which future decisions might be influenced by how the decisions were made in the past, seems to be a threat. But this again goes back to the empirically found fallacious operational principle i.e., 'give away', which adversely affects the plan of actions for low-income affordable housing provision. Path dependency is also found to be tied up with the identified lack of knowledge about the power of informal housing practices. This study suggests that Schon's (1971) 'dynamic conservatism' is reflected in an administrative bureaucracy that impedes and delays the approval of national housing policy. Moreover, the deviated DAP does not correspond to either the 'informality' of the Jhilpar community or to actions constructed along the lines of DMDP and UAP. It could be argued, therefore, that the public housing agencies have only been able to create a 'long-term vision', without advancing the necessary 'strategy' and 'actions' – required actions respectively reflected in notions of 'operation shifts' and 'deliberation-followed-by-partnerships'.

Third, against the backdrop of Kotter's (1996) 'communicating a change vision', this study poses 'communicating a change strategy and change actions' in line with the long-term vision depicted in national housing policies. Kotter (1996) does not advocate means for inter-organizational communication, and while this study suggests that there is no such necessity for communication, it does advocate a shift in operational principles which, together with knowledge on 'informality', will make the housing organizations active in pursuing the long-term vision.

Fourth, with respect to Kotter's (1996) advocated 'short-term win' as a driving force, this study considers a proper understanding of the informality as a short term win in working towards a proposed Jhilpar housing model. The ultimate 'winning' will belong to a social business grounded in affordable multi-storey apartments. Yet, the win might run the risk of housing agencies being over-satisfied, leading to 'complacency'. Factually, complacency will never be an impediment to the Jhilpar social business model, as unmet low-income housing demand is elephantine compared to its realistic actions. This unmet demand will keep the housing agencies replicating the proposed housing model in other low-income areas, perhaps with few modifications and adjustments.

Fifth, essentially Kotter's change process is confined to the one organization without advancing the need for support and cooperation from allied organizations. However, the proposed Jhilpar housing model necessitates the need for cooperation and support from both public and private organizations. Therefore, to anchor the new approaches i.e., 'changed strategy' and 'changed actions', the housing agencies must be involved and channel their collective capacities towards mutual benefits. This is contra to the 'standalone' approach, as shown in figure 11.1b. This study, therefore, assumes that the proposed social business investment mindset will make the housing gatekeepers function in coordination with others, whereby knowledge on 'formality' and 'informality' will come together (see figure 11.1c).

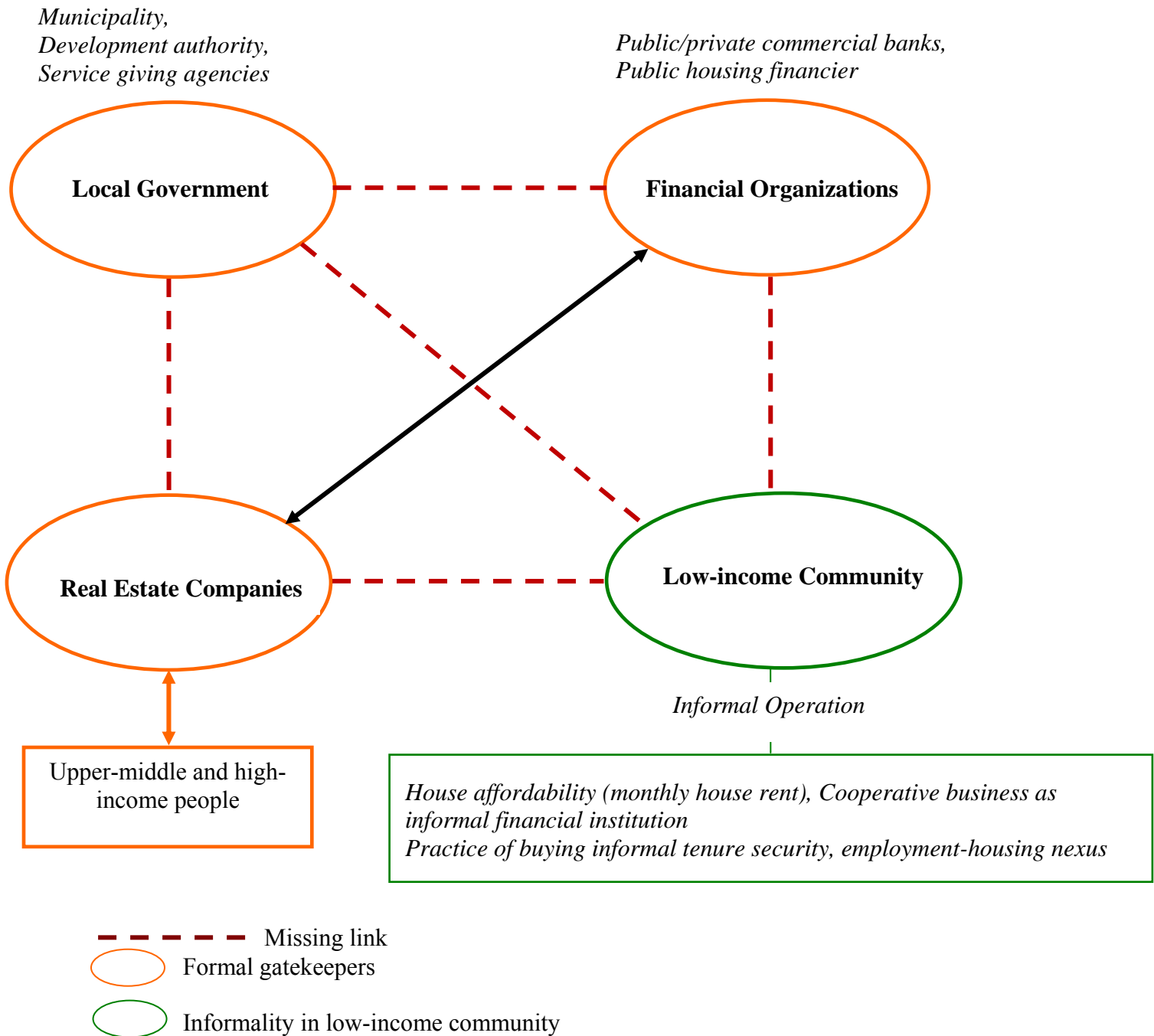
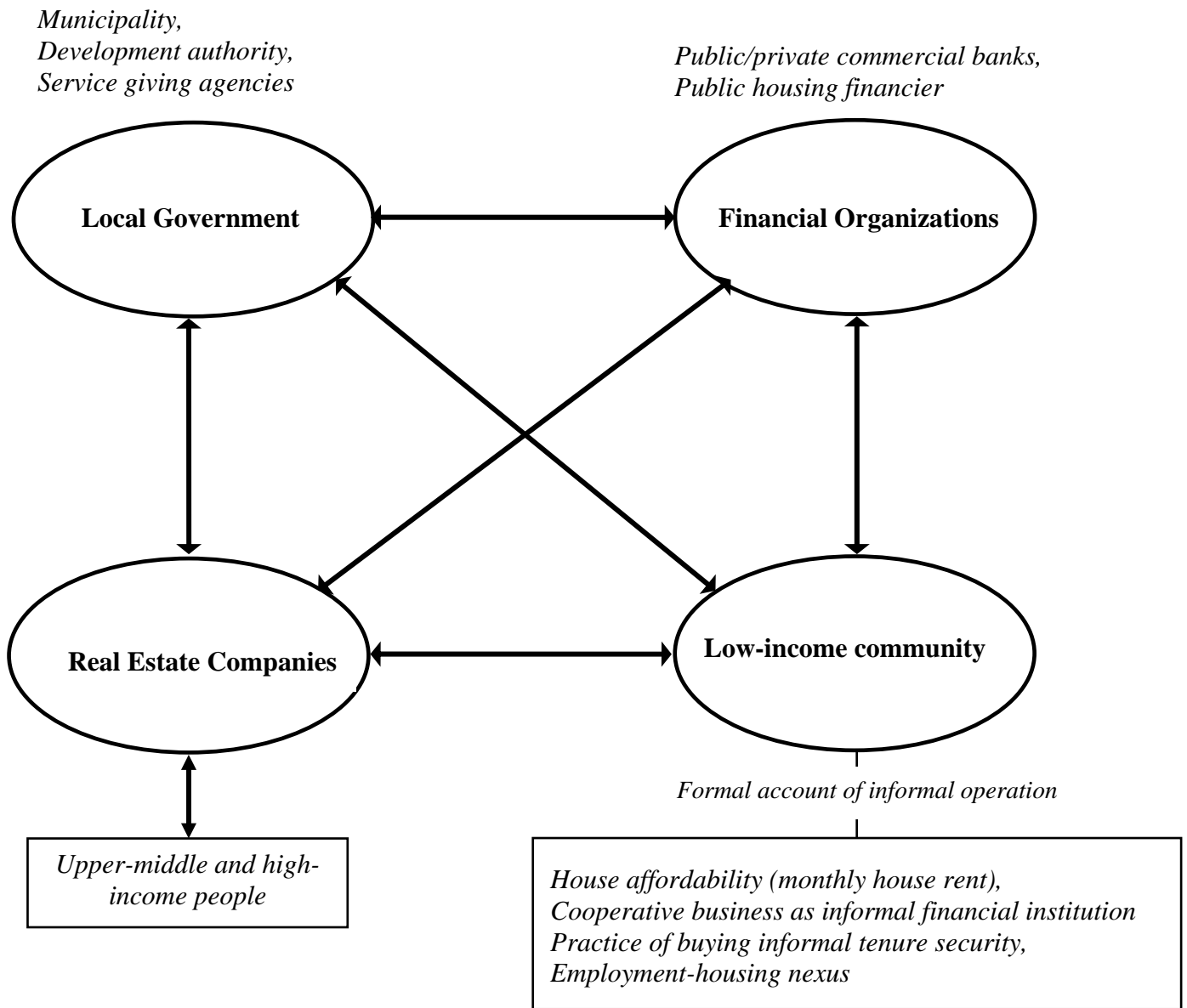


Figure 11.1b The 'Stand alone' approach in low-income housing governance; (Source: own construct)



- They work as 'partners' for mutual benefits
- Formality and informality coincides
- No profit, not loss game; 'win-win' situation

Figure 11.1c Low-income housing governance within social business paradigm; (Source: own construct)

11.2 Local Governance

This study supports the claim by Cars et al. (2002) that the housing agencies in Dhaka have failed to transform and enhance governance capacities by making partnerships. Efforts are not evident on the part of the local governmental agencies – e.g. RAJUK –to develop ‘intellectual capital’ through public-private partnership or to build the ‘social capital’ associated with knowhow about the resources at stake for agencies. Under the current urban governance, this study only finds ‘political capital’ (in the form of low-income housing policies and physical plans), which remains unconnected to existing ‘social capital’ and ineffective in realizing the potential significance of ‘intellectual capital’ for partnerships toward a social business model for Jhilpar’s inhabitants.

11.3 Deliberative Dialogue

Theoretically, community resources must be formalized in order to start a deliberative dialogue. However, the proposed Jhilpar housing model argues that there is no necessity to formalize informal resources and practices (e.g., the Jhilpar Cooperative) but rather that such informal practices need formal recognition as ‘informality’. This study recommends that RAJUK, being the prime public housing agency, holds the administrative power and organizational resources (e.g., manpower, financial resources, etc.) to arrange such dialogue to identify the mutual resources at stake for other housing agencies and Jhilpar’s community members.

11.4 Partnership

Generally, partnerships are developed with a clear view and understanding of the mutual resources of the vested partners. Having understood the collective resources at stake for the public and private agencies, the proposed Jhilpar housing model recommends that these housing agencies work as partners. ‘Legitimacy’ in such a partnership will therefore be established through a mutually set goal - i.e., affordable housing for Jhilpar’s inhabitants. In public-private (and private-private) partnerships, success (either in short or long-term) is an important issue that runs and accelerates the social business effort. Therefore, the short-term success of the partnership will be defined by understanding the nature of ‘informality’, and the long-term success will rely on the construction of affordable multi-storey rental apartments based on the social business principle.

11.5 Urban Land Tenure Security

The concept of ‘formal tenure security in informality’ is somewhat similar to the ‘political tenure security’ observed by Vestbro (2007), whereby politicians do not dare to evict the slum dwellers because of vested political interests. On the other hand, de facto tenants in the Jhilpar community pay monthly housing rent in line with a mutual verbal rental agreement with the de facto owners. Shafi and Payne (2007) only identify legal tenants as existing with and without contracts, but the practice of guaranteeing temporary tenure security based on verbal rental agreement in Jhilpar is new to the existing category of tenure security. This new category could be assumed as a ‘legal tenant with informal

rental agreement'. Rights-based rental agreements are found to be the most viable option of land tenure category for Jhilpar's inhabitants, representing a new dimension of the rights-based approach advocated by Durand-Lasserre and Royston (2002), and Payne (2000).

11.6 Confronting the Impasse

This study finds that development efforts for low-income housing projects have not been successful because of a lack of knowledge about and understanding of the 'informality' in low-income housing communities such as Jhilpar. There are missing links and disconnections in formal housing governance, that take the form of a lack of coordination and understanding of the resources employed at stake for each other. In the stand-alone approach, on one hand, only visible and established connections are found between the formal financial organizations and real estate companies whose target groups are upper-middle and high-income people (figure 11.1b). On the other hand, operations within the informality of the low-income community are separated from rest of the gatekeepers of formal housing governance. Therefore, in order to confront the impasse of repeated and failed low-income housing projects, there is an urgent and immediate need to bridge the knowledge gap and the understanding between 'formality' and 'informality' of housing governance whereby formal and informal resources are employed and shared to mutual benefit (figure 11.1c). This study therefore recommends social business as the most feasible option for affordable low-income housing in Dhaka city, to be achieved by building partnerships among the low-income community, public, and private housing gatekeepers.

11.7 Housing in Private-owned Slums: A Way Forward

This study is limited to focusing on low-income housing located on land belonging to the government. But how the proposed social housing model for low-income inhabitants would be applied in privately owned slums forms a further area of concern. From the discussion of this study, it is understood that majority of the private slums actually belong to the government (though they are claimed as private). However, the undisputed private slum owners will be interested in better housing conditions so that, on the one hand, they will be expecting increased volume of house rent and eventual ownership of multi-storey housing apartments; and, on the other, tenants will enjoy better housing environment. In such a case, there must be a financial agreement between financial partners, RAJUK, and real estate companies, and they primarily need to agree on the matters such as the rate of monthly rent, the interest rate of the loan, the duration of mortgage payment, etc. Looking at the 'win-win' situation in housing as a social business in Jhilpar, it is presumed that the same results will also be produced in privately owned slums. However, an in-depth and wide study is needed in order to confirm the success of the proposed Jhilpar housing model in privately owned slums.

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1 Respondent from Household Questionnaire Survey, 2008

Rahim Abdur, 2008: Age 45, who is a rickshaw driver in profession and lives in Jhilpar more than 10 years with his family. He is a member of Jhilpar cooperative.

APPENDIX I

Box 1. International commitments on housing rights by Bangladesh government

Bangladesh has ratified the following international treaties, which address different aspects of rights to shelter (Islam, 2006),

- International Covenant on Economic, Social and Cultural Rights (ICESCR). *Article 11(1) recognizes the universal right to an adequate standard of living, including adequate food, clothing, housing, and requires the State to, "...take appropriate measures to ensure the realization of this right"*
- UN Convention on the Elimination of all Forms of Discrimination against Women (UNCEDAW). *Article 14 (2) (h) states that, "States Parties shall take all appropriate measures to ensure to women the right to enjoy adequate living conditions, particularly in relation to housing, sanitation, electricity and water supply, transport and communications."* and
- UN Child Rights Convention (UNCRC). *Article 27(3) of the CRC provides that the State, "...shall in the case of need provide material assistance and support programs particularly with regard to nutrition, clothing and housing."*

Other international instruments and statements that explicitly address the Bangladesh's obligation to provide shelter and to prevent forced evictions include the following:

- Universal Declaration of Human Rights (UDHR),
- General Assembly Resolution 43/181 of 20 December 1988 on Global Strategy for Shelter to the Year 2000, *States have, "...to accept a fundamental obligation to protect and improve houses and their neighborhoods rather than damage or destroy them."*
- UN Istanbul Declaration on Human Settlements (1996),
- UN Comprehensive Human Rights Guidelines on Development-Based Displacement (1997),
- General Comments Nos. 4 and 7 on Forced Evictions, of the UN Committee on ESCR

Table 1. Preview of slum eviction occurrences in Dhaka city

| Year | No | Slum and their locations | No of families (approx.) | Reportedly evicted by |
|------|----|--|--------------------------|-----------------------|
| 2003 | 1 | Kallyanpur slum, Mirpur | 2,300 | HBRI |
| | 2 | Sat Tola slum, Mohakhali | 5,000 | Health Directorate |
| | 3 | Kawran Bazar slum, Kawran | NA | DCC |
| | 4 | Pallabi 11 slum, Mirpur | 250 | Railways |
| | 5 | Fulbaria Railway Colony slum, Gulistan | 1,000 | Railways |
| 2004 | 1 | Gudara Ghat Slum, Mirpur | 2,000 | RAJUK |
| | 2 | Ward No 42 Slum, Mohammadpur | NA | DCC |
| | 3 | Kamalbag slum, Lalbagh | NA | BIWTA, DDA and DCC |
| 2005 | 1 | Begunbari slum, Tejgaon | 400 | DCC |
| | 2 | Babupura slum, Katabon | 300 | DCC |
| | 3 | Sagorika slum, Mirpur | 2,000 | PWD |
| | 4 | Chakuli slum, Mirpur 12 | 600 | Army |
| | 5 | Hindu Para slum, Amtoli, Banani 1 | 500 | RAJUK |
| | 6 | Baydda slum, Mohakhali | 160 | PWD |
| | 7 | Agargaon Old Bazar slum, Agargaon | 200 | PWD |
| 2006 | 1 | Bhashantek, Kafrul | 3000 | DCC |
| | 2 | Dholpur Bongobondhu, Demra | 600 | DCC |
| | 3 | Kamalbagh, Lalbagh | NA | PWD |
| | 4 | Gulshan Banani Lakeside | NA | DCC |

Source: Islam, 2006

Table 2. Summary of Land use Proposals for Slum Development/Low Cost Housing Schemes

| DPZ for Central Dhaka (Study area C) | Total Area (Acres) | Proposed Slum Development / Low Cost Housing Areas (2015) | |
|--|--------------------|---|--------------|
| | | Acre | Percentage |
| DPZ – 1: Old Dhaka (West) (Islam bag and Shahid Nagar) | 1450.00 | Unspecified | Unspecified |
| DPZ – 2: Old Dhaka (East) | 1314.00 | Unspecified | Unspecified |
| DPZ – 5: Eastern Suburb | 3488.38 | Unspecified | Unspecified |
| DPZ – 8: Western Suburb (South) | 1221.00 | Unspecified | Unspecified |
| DPZ – 9: Western Suburb (Middle) | 2292.00 | Unspecified | Unspecified |
| DPZ – 10: Western Suburb (North) | 3821.00 | Unspecified | Unspecified |
| DPZ – 12: Mirpur East | 2110.07 | Unspecified | Unspecified |
| DPZ – 13: Mirpur West | 1523.33 | Unspecified | Unspecified |
| Total Study Area C | 26535.40 | Unspecified | Unspecified |
| DPZ Study area A | | | |
| Gazipur Pourashava (DPZ - 30) | 4749.90 | 66.3 | 1.40 percent |
| Tongi (DPZ - 05) | 8421.22 | 244.3 | 2.90 percent |

| | | | |
|--|-----------|---------|--------------|
| Rupganj-Sitalakkha West (DPZ - 09) | 13564.00 | 161 | 1.19 percent |
| Rupganj-Sitalakkha East (DPZ – 10 of A) | 22005.00 | 70.98 | 0.32 percent |
| Total Study Area A | 108410.40 | 542.68 | 0.50 percent |
| Study Area B | 51212.35 | No data | No data |
| Study Area D | 2109.91 | 0 | 0.00 percent |
| Study Area E (DPZ – 16: Northern Fringe) | 21000.26 | 202.65 | 0.96 percent |
| Grand Total | 209268.32 | 745.23 | 0.36 percent |

Source: Bari and Efroymsen, 2009

Table 3 A time perspective on the features of land reformation

| Year | Nature of land reformation took place |
|---------|--|
| 1972 | A land ceiling of 33.3 acres is re-established and various presidential orders provide for the distribution of <i>khas</i> land amongst the landless. Expected that 2.6 million acres of excess land will be released, but in reality there is far less. Newly formed land vested in government, becoming a second type of <i>khas</i> land. Exemption from land tax granted for families owning less than 8.33 acres. |
| 1976 | A variety of land related charges are consolidated into the land development tax, which covers the whole country except Chittagong city, but deficiencies in the record system mean individual holdings cannot be checked, and switches to more heavily taxed non-agricultural uses frequently go unrecorded. |
| 1982 | Land Reform Committee proposed 3600 square feet as land ceiling for individual in Dhaka which later proved as a stunt and subsequently revoked. |
| 1984 | The Land Reform Ordinance limits future land acquisitions to 21 acres whilst retaining present ceilings. <i>Benami</i> (ceiling avoiding) transfers to relations are outlawed, but again evasion is easy. Legal recognition to the rights of share-croppers is given for the first time and share-cropping is established as the only admissible form of tenancy contract. |
| 1989 | Board of Land Administration split into Land Appeals Board and Land Reforms Board to deal with the ever increasing volume of quasi-judicial appeals. |
| 1992 | Farms of up to 8.33 acres are exempted from LDT. 8.33 - 10 acres are charged at BDT 0.5 per acre, and larger holdings at BDT 2 per acre. |
| 1997 | New Agricultural <i>Khas</i> Land Management and Settlement Policy introduced. |
| 1998 | Total <i>khas</i> land is found to be 0.75 million acres (or 3 percent of arable land area). But the actual amount remains unclear as a result of de facto private control arising from informal local settlements. |
| 2015-20 | Estimated date for completion of survey of land rights. |

Source: CARE rural livelihoods program, 2003; World Bank, 2007; Rahman, 2001

Table 4 Shifting priorities for distribution of public land

| Priority | Year | | | | | | |
|---|------|------|------|------|------|------|------|
| | 1951 | 1957 | 1958 | 1962 | 1972 | 1987 | 1997 |
| A cultivator with less than 1.2 ha of cultivable land | 1 | 5 | | | | | |
| Refugees who are bona fide cultivators | | 3 | 1 | 1 | 6 | | |
| Bona fide cultivator who lost his land due to river Erosion | | 1 | 4 | 2 | 4 | 1 | 3 |
| Agricultural families having no land at all | | | | | 1 | 4 | 2 |
| People occupying scattered bits of land | | | | 3 | | | |
| Family rendered landless by government land acquisition | | | | | | | 5 |

Source: Mohiuddin, 2009

The numbers indicate the priority in each year on a declining scale. In 1957, a bona fide cultivator who lost his land to river erosion had the first priority whereas a cultivator with less than 1.2 ha of cultivable land had the lowest priority. Priorities change over the years and so while the bona fide cultivator who lost his land to river erosion had the top priority in 1958, he has down to number 4 in 1958.

Table 5 Specifications of a housing development project by NHA

| Target group/use | Number of plot | Average Area (in square meters) |
|------------------------|----------------|---------------------------------|
| Low-income | 3,316 | 40 |
| Middle-income | 657 | 118 |
| Small scale industries | 118 | 134 |
| Commercial development | 97 | 134 |
| Shops | 172 | 20 |

Source: UNCHS, 2001

Table 6 Average house rent in different locations of Dhaka city

| Different locations in Dhaka | Average monthly house ⁵¹ rent (USD) | Average increment of house rent in USD | Average increment in percentage |
|--|--|--|---------------------------------|
| Mirpur, Mohammadpur, Basabo, Rampura, Khilgaon, Shahjahanpur, Mugdah, Maniknagar, Jatrabari, Jurain and adjacent areas | 47-77 | 15.50-31 | 33-40.26 |
| Dhanmodi, Green Road, Elephant Road, New Eskaton, central Moghbazar, Malibagh, Siddeswari, Shantinagar, Segunbagicha, Azimpur, Poribagh, Farmgate and adjacent areas | 185-231 | 47-77 | 25.41-33.33 |

Source: Combined from the Financial Express, 2007

⁵¹ Housing unit with one bed room and a kitchen

Box 2 Loan scheme by HBFC and its performance

HBFC used to run two loan schemes (i.e., GLS- General Loan Scheme and MLS- Multi-Story Loan Scheme) in five major cities (i.e., Dhaka, Chittagong, Khulna, Rajshahi and Sylhet) and low-interest loan scheme in other urban centers of the country. Loans under GLS were available for self-sufficient one unit houses and were repayable over 25 years at an interest rate between 13 and 16 percent per annum (Hasan & Kabir, 2002). The MLS was introduced in 1977 to encourage higher density development in major urban areas in the form of four to five storied buildings. Loans under MLS are repayable over 30 years at a simple interest rate 10.5 percent per annum (ibid.).

House building finance corporation (HBFC) is considered to be the market leader with a share of 70 percent of the mortgage market in terms of number of loans and 30 percent in terms of outstanding portfolio value (Bangladesh Bank, 2007). It disburses concessional loans generally at 5 percent interest at the thana level and 11 percent in Dhaka and other cities of the country. To be eligible for its house loan scheme, a borrower must own land with a value that can assure at least 20 percent of the investment needed for house construction. Therefore, HBFC is responsible to approve loans to upper-middle and high-income people with an average range starting from USD 3,582 (Siddiquee et al., 2006). It is also reputed not to be as market savvy compared to current private housing gatekeepers and is now plagued with high defaults (i.e., over 30 percent) and has no additional funding from the government. This is due to mismanagement, a low rate of recovery, and lack of seed funds (Karnad, 2004).

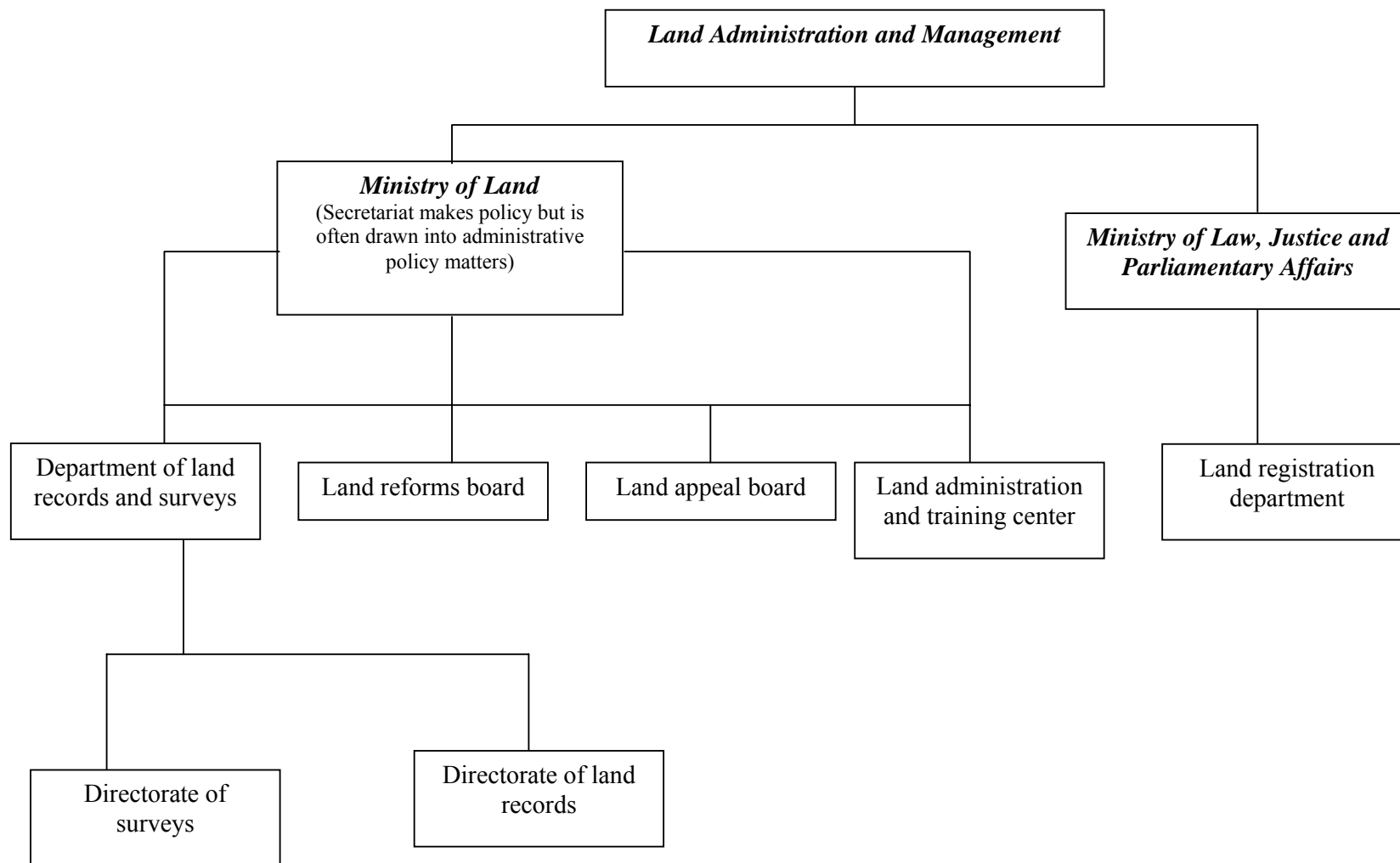


Figure 1 Agencies involved in land administration and management.
 (Source: Adapted and revised from Rahman, 2008; CARE rural livelihoods program, 2003)

APPENDIX II: QUESTIONNAIRE AND INTERVIEW GUIDES

A. Questionnaire for Jhilpar Inhabitants, Dhaka City *Housing the urban poor. An integrated governance perspective. The case of Dhaka, Bangladesh*

Department of Urban Planning & Environment, Royal Institute of Technology (KTH)
(All the information collected here will be used for academic pursuits only)

Serial No.

Date:

1. Number of household members:
2. Size of the room (in sq. ft):
3. Number of rooms in the housing unit:
4. Location of the houses: front side rear side of Jhilpar community
5. Are you the tenant de facto owners of this house/room
6. Do you have any sanitary toilet facilities? Yes No
7. If no, what alternative arrangement do you have?
8. In the recent countrywide registration system for national identification card, did they register you by this (Jhilpar) slum? Yes No
9. If yes, what was the full address of your residence here?
10. Occupation:
 - o Family member 1: Primary: Secondary:
 - o Family member 2: Primary: Secondary:
 - o Family member 3: Primary: Secondary:
11. Monthly income from: Permanent source: Transitory source:
12. If you have both sources of income, do you distinctly split the income from permanent and transitory sources? Yes No
13. Monthly rent for each room? Now:Last year:.....Year before:.....
14. Yearly maintenance and repair cost:
15. Who bears such maintenance and repair cost: Self de facto owner
16. If the tenant needs to pay for maintenance and repair cost, is it part of rental agreement?
 Yes No
17. What are the conditions in rental agreement between tenant and de facto/owner?
18. What kind of land tenure security do you have from the de facto owners or from the government?
19. If you do not have any form of land tenure security, when was the last time eviction took place in Jhilpar community?
20. Who undertook such eviction operation?
21. Do you always remain in the fear to be evicted? Please explain either for your yes and no response.
22. If you are the de facto owner, would you like to build permanent houses with bricks and concrete? Please explain either for your yes and no response
23. How far (in km.) is you workplace from here?

24. What is the mode of transport do you use to reach your workplace?
25. How much do you pay on daily basis for different transport mode?
26. Irrespective of travel mode, how long (in hour/min.) does it take to get your work place?
27. Why did you choose Jhilpar as your place to settle down?
28. What are the basic urban services and infrastructure being provided by concerned public agencies?
- Water Drainage Electricity Others
29. What is the rate of payment for the following services:
- Water:.....Tk/month
- Drainage:.....Tk/month
- Electricity:Tk/month
- Others:Tk/month
30. If you do not have a formalized provision for any of those services, please mention how do you manage to avail them?
31. With full pay, are you able to enjoy those services for the entire day?
- Water:.....
- Drainage:.....
- Electricity:
- Others:
32. Please give me a scenario of maintenance of those services – how often those services are being maintained?
33. Is any one of your family a member of Jhilpar cooperative? Yes No
34. If yes, what are the criteria that make you member of this cooperative?
35. If you have a Jhilpar cooperative member in the family, please tell me about its operation mechanism
36. Please explain being a member of this cooperative how much money is required to deposit on monthly basis and what is the amount of profit each member receives in return?
37. How this cooperative makes use of money to benefit its members? Please explain
38. Are you allowed to get loan from this cooperative? If so, what is the maximum amount of loan you can seek for?
39. What are the criteria to get the loan approved by Jhilpar cooperative?

B. INTERVIEW GUIDES FOR COMMERCIAL BANKS: AGRANI AND BASIC BANK

For Agrani Bank (Interviewer: Regional manager for Dhaka region)

Housing the urban poor. An integrated governance perspective.

The case of Dhaka, Bangladesh

Department of Urban Planning & Environment, Royal Institute of Technology (KTH)

(All the information collected here will be used for academic pursuits only)

1. What are the available house loan schemes being offered by this bank?
2. What is your opinion on the principle of this bank to distribute benefits of banking operations to all income populations?
3. How far the bank has been able to satisfy this principle?
4. Who are actually the beneficiaries of different house loan scheme offered by this bank?
5. Why the urban poor are not given access to any formal financial scheme (e.g., house loan) by Agrani bank?
6. According to the pledge in national housing policies, is Agrani Bank thinking to incorporate Grameen Bank's micro credit model as a new loan scheme for the low-income populations? If so, when that model will be effectively adapted to the banking operation?

For BASIC Bank (Interviewer: Branch manager in Dhaka City Corporation)

Housing the urban poor. An integrated governance perspective.

The case of Dhaka, Bangladesh

Department of Urban Planning & Environment, The Royal Institute of Technology (KTH)

(All the information collected here will be used for academic pursuits only)

1. What are the available house loan schemes being offered by this bank?
2. Being the semi-nationalized commercialized bank, who are the target beneficiaries of different house loan scheme being offered by this bank?
3. Is there any low-interest-rate house loan scheme being offered by BASIC Bank?
4. What is the official process to get approval of such loan?
5. In reality who are the income populations who get benefits of such low-interest-rate house loan?
6. Why the urban poor are not given access to any formal financial scheme (e.g., house loan) by BASIC bank?
7. According to the pledge in national housing policies, is BASIC Bank thinking to incorporate Grameen Bank's micro credit model as a new loan scheme for the low-income populations? If so, when that model will be effectively adapted to the banking operation?

C. INTERVIEW GUIDES FOR CARE TAKER OFFICE AT Dhaka City Corporation (DCC), Capital Development Authority (RAJUK) AND National Housing Authority (NHA)

Care taker office at DCC (Interviewer: Director of Care taker office at DCC)

Housing the urban poor. An integrated governance perspective.

The case of Dhaka, Bangladesh

Department of Urban Planning & Environment, Royal Institute of Technology (KTH)

(All the information collected here will be used for academic pursuits only)

1. What is the current form of land tenure security being given by the care taker office of DCC to different low-income areas in Dhaka city and in particular to Jhilpar community?
2. What are the types of basic infrastructure and urban services being provided by this office to low-income areas?
3. What is the pricing policy for those basic services?
4. What is the nature of availability of those services?
5. Is there any regular organizational cooperation with RAJUK? If yes, what are the actions being undertaken with such cooperation framework?

National Housing Authority (NHA)⁵²

Housing the urban poor. An integrated governance perspective.

The case of Dhaka, Bangladesh

Department of Urban Planning & Environment, The Royal Institute of Technology (KTH)

(All the information collected here will be used for academic pursuits only)

1. What is the current role and practice of NHA in housing all income populations?
2. What kind of organizational cooperation exists between NHA and other public housing agencies?
3. What is the past performance of NHA in making low-income housing provision? Why NHA was not successful in delivering houses to the urban poor?
4. National housing policies are the main guidelines for public housing agencies. Despite this, why national housing policies, 2004 is still under review and has not been approved yet? Please explain.
5. To put the housing policies in place, is it possible to enforce national housing policies with legislations? Please explain.

⁵² The respondent of NHA wanted to be anonymous

RAJUK (Interviewers: 2 town planners at RAJUK)

Housing the urban poor. An integrated governance perspective.

The case of Dhaka, Bangladesh

Department of Urban Planning & Environment, Royal Institute of Technology (KTH)

(All the information collected here will be used for academic pursuits only)

1. How effective the proposals in detailed are plan (DAP) will be for housing the poor of Dhaka city? What benefits those recommendations will bring for the low-income populations?
2. In proposing low-income housing projects in DAP, have RAJUK had true knowledge on financial affordability of the urban poor? Please explain either for your positive or negative responses.
3. In DAP what form of land tenure security is proposed for the low-income housing? Please explain the adequacy and inadequacy of such proposition.
4. What is the current level of cooperation between RAJUK and other public housing agencies in designing low-income houses? Please explain.