Toward Great Dhaka
A New Urban Development Paradigm Eastward

Julia Bird, Yue Li, Hossain Zillur Rahman, Martin Rama, and Anthony J. Venables
Overview

Toward Great Dhaka

A New Urban Development Paradigm Eastward

Julia Bird, Yue Li, Hossain Zillur Rahman, Martin Rama, and Anthony J. Venables
This booklet contains the overview, as well as a list of contents, from *Toward Great Dhaka: A New Urban Development Paradigm Eastward*, doi: 10.1596/978-1-4648-1238-5. A PDF of the final, full-length book, once published, will be available at https://openknowledge.worldbank.org/ and print copies can be ordered at http://Amazon.com. Please use the final version of the book for citation, reproduction, and adaptation purposes.

© 2018 International Bank for Reconstruction and Development / The World Bank
1818 H Street NW, Washington DC 20433
Telephone: 202-473-1000; Internet: www.worldbank.org
Some rights reserved

This work is a product of the staff of The World Bank with external contributions. The findings, interpretations, and conclusions expressed in this work do not necessarily reflect the views of The World Bank, its Board of Executive Directors, or the governments they represent. The World Bank does not guarantee the accuracy of the data included in this work. The boundaries, colors, denominations, and other information shown on any map in this work do not imply any judgment on the part of The World Bank concerning the legal status of any territory or the endorsement or acceptance of such boundaries.

Nothing herein shall constitute or be considered to be a limitation upon or waiver of the privileges and immunities of The World Bank, all of which are specifically reserved.

Rights and Permissions

This work is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO) http://creativecommons.org/licenses/by/3.0/igo. Under the Creative Commons Attribution license, you are free to copy, distribute, transmit, and adapt this work, including for commercial purposes, under the following conditions:

**Attribution**—Please cite the work as follows: Bird, Julia, Yue Li, Hossain Zillur Rahman, Martin Rama, and Anthony J. Venables. 2018. “Toward Great Dhaka: A New Urban Development Paradigm Eastward.” Directions in Development. Overview booklet. World Bank, Washington, DC. License: Creative Commons Attribution CC BY 3.0 IGO

**Translations**—If you create a translation of this work, please add the following disclaimer along with the attribution: *This translation was not created by The World Bank and should not be considered an official World Bank translation. The World Bank shall not be liable for any content or error in this translation.*

**Adaptations**—If you create an adaptation of this work, please add the following disclaimer along with the attribution: *This is an adaptation of an original work by The World Bank. Views and opinions expressed in the adaptation are the sole responsibility of the author or authors of the adaptation and are not endorsed by The World Bank.*

**Third-party content**—The World Bank does not necessarily own each component of the content contained within the work. The World Bank therefore does not warrant that the use of any third-party-owned individual component or part contained in the work will not infringe on the rights of those third parties. The risk of claims resulting from such infringement rests solely with you. If you wish to re-use a component of the work, it is your responsibility to determine whether permission is needed for that re-use and to obtain permission from the copyright owner. Examples of components can include, but are not limited to, tables, figures, or images.

All queries on rights and licenses should be addressed to World Bank Publications, The World Bank Group, 1818 H Street NW, Washington, DC 20433, USA; e-mail: pubrights@worldbank.org.

**Cover photos:** Top: © Infratech Construction Company Ltd. Used with the permission of Infratech Construction Company Ltd. Further permission required for reuse. Bottom: © Dhaka Tribune. Used with the permission of Dhaka Tribune. Further permission required for reuse.

**Cover design:** Debra Naylor, Naylor Design, Inc.
Contents of
*Toward Great Dhaka: A New Urban Development Paradigm Eastward*

*Foreword*
*Acknowledgments*
*About the Authors*
*Abbreviations*

Overview: Toward Great Dhaka
The promise and pitfalls of urbanization
A South Asian hub
The cost of inaction
A more prosperous Bangladesh

Chapter 1  Dhaka: Dynamic but Messy
Disproportionally important
Strategically located
Successful on many counts
Three critical challenges
A shortage of high-quality urban land
References

Chapter 2  Fragmented Responsibilities
Weak urban authorities
Ineffective coordination mechanisms
Partial implementation of plans
A stellar exception
References

Chapter 3  East and West
Dhaka’s western part
Dhaka’s eastern part
Potential and risks
References
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Subsections</th>
</tr>
</thead>
<tbody>
<tr>
<td>4</td>
<td>Urban Development Scenarios</td>
<td>Multiple proposals, A unique opportunity, The example of Pudong, Shanghai, A new paradigm eastward, Mimicking a strategic approach</td>
</tr>
<tr>
<td>5</td>
<td>Modeling City Growth</td>
<td>The new urban economics, Geography, firms and households, Deriving an urban equilibrium, Calibrating the geography, Calibrating firms and households, Constructing the four scenarios</td>
</tr>
<tr>
<td>6</td>
<td>Dhaka in 2035</td>
<td>A more prosperous city, An engine of economic growth, The distribution of gains</td>
</tr>
<tr>
<td>7</td>
<td>Implementing the Vision</td>
<td>Returns and financing, The payoffs to being strategic, Risks and mitigation</td>
</tr>
</tbody>
</table>
Foreword

Dhaka is exceedingly important for Bangladesh. This historic, vibrant, and endearing city is home to one-tenth of the country’s population. It generates at least one-fifth of its total economic output and provides more than 40 percent of its formal sector jobs. Dhaka has also been instrumental in reducing Bangladesh’s poverty rate. The economic opportunities it offers attract migrants from around the country, improving their own living standards and those of the families they support through the money they send home. Tax revenue generated in Dhaka is used to finance investments and service delivery throughout the country.

At present, however, Dhaka faces seemingly impossible challenges. Despite unrelenting efforts to upgrade the city’s infrastructure, congestion is increasing and travel speeds are declining. Dhaka also remains vulnerable to flooding and becoming waterlogged, often coming to a standstill during the heavy rains of the monsoon season. And service delivery is uneven. More than a fourth of its inhabitants live in slums, pollution is increasing, and the city sits at the bottom of global livability rankings. If these challenges are not addressed, it will be difficult for Dhaka to become a prosperous global city, and therefore difficult for Bangladesh to join the ranks of upper-middle-income countries.

The World Bank Group is committed to supporting Dhaka’s urban development. The strong partnership with the City Corporations and specialized government agencies has so far focused on urban upgrading, urban resilience, water and sanitation, and clean air. A number of new projects are under preparation, including for a new Bus Rapid Transport line, water supply and sanitation, and urban upgrading. Over time, these initiatives will strengthen Dhaka’s economic performance and make for a more livable city.

This report proposes an even more radical approach to put the city on a better urban development trajectory, one that could transform it into a truly great global city in just a few decades.

Dhaka currently has a unique opportunity, not readily available to other megacities in the world. Toward the east of its urban core, almost within walking distance from the most valuable parts of town, there is a vast expanse of mostly agricultural land. East Dhaka, an area with a surface similar to that of a major European city, could be developed with the right urban infrastructure from the start, decongesting the current city and becoming a modern economic pole for
the country as a whole. The time to act is now. East Dhaka is already being developed in an unplanned way and this opportunity may soon pass.

Using state-of-the art modeling and detailed data from each neighborhood in Dhaka, the report shows that embracing a different urban development paradigm eastward would have high economic returns, while managing environment and social risks. Recognizing local institutional complexities, the report focuses on a few self-standing projects for the transformation of East Dhaka, each firmly anchored on Dhaka’s existing master plans and technical studies. The annual investments these projects would require are within the range of long-term finance provided by the World Bank and other multilateral and bilateral organizations.

As a long-term development partner of Bangladesh, the World Bank Group stands ready to assist should the country decide to take on the transformational vision proposed in this report.

Qimiao Fan

Country Director for Bangladesh, Bhutan, and Nepal

The World Bank
Acknowledgments

The preparation of this report was led by Yue Li (World Bank). The core team also comprised Julia Bird (University of Oxford), Hossain Zillur Rahman (Power and Participation Research Center), Martin Rama (World Bank) and Anthony J. Venables (University of Oxford).

The work was conducted in close collaboration with the Social, Urban, Rural and Resilience Global Practice, and the Transport and Digital Development Global Practice at the World Bank. Hyoung Gun Wang and Shigeyuki Sakaki were the respective focal points. The report also benefited from substantive contributions by Ritika D’Souza, Virgilio Galdo and Yan (Sarah) Xu.

Valuable inputs were contributed by Susmita Dasgupta, Peter D. Ellis, Ruth Hill, Zahid Hussain, Swarna Kazi, Zahed Hossain Khan, Jon Kher Kaw, Keith Patrick Garrett, Poonam Pillai, Ifthath Anwar Sharif, Nadia Sharmin, Lia Carol Sieghart and Sanjay Srivastava, all with the World Bank. The report also reflects insights provided by Ahasanul Hoque (consultant), M. Shafiqul Islam (consultant), Nihad Kabir (Metropolitan Chamber of Commerce and Industry, Bangladesh), Md. Akter Mahmud (Jahangirnagar University, Bangladesh), Maj. Gen. Abu Syeed Md. Masud (Special Works Organization, Bangladesh Army), S. M. Mahbubur Rahman (Institute of Water Modelling, Bangladesh) and Hongwei Yang (Urban Innovation Think-tank, China).

The preparation of the report greatly benefited from the presentation and discussion of the preliminary results at the International Conference on Development Options for Dhaka towards 2035, which was held in Dhaka on July 19, 2017. Special thanks are extended to the following for their participation and constructive engagement at this conference: Kazi Shafiqul Azam, secretary, Economic Relations Division of Ministry of Finance; M. Bazlul Karim Chaudhury, chairman, Rajdhani Unnayan Kartripakkha (RAJUK, Capital Development Authority); Kamal Abdul Naser Chowdhury, former principal secretary, Prime Minister’s Office; Sheila Dikshit, former chief minister, Delhi; Khandaker Mosharraf Hossain, honorable minister of local government, Rural Development and Cooperatives; Annisul Huq, late mayor, Dhaka North City Corporation; Abul Kashem Khan, president, Dhaka Chamber of Commerce and Industry; Sayeed Khokon, mayor, Dhaka South City Corporation; Zhao Qizheng, former vice mayor, Shanghai; Zhu Ruolin, former dean, Pudong Planning and
Design Institute; and Shao Yudong, former member, Pudong District Standing Committee.

The peer reviewers for the report were Gilles Duranton (Wharton School, University of Pennsylvania), Marc S. Forni (World Bank), Matias Herrera Dappe (World Bank), Somik V. Lall (World Bank) and Mustafizur Rahman (Center for Policy Dialogue, Bangladesh).

At the World Bank, the work greatly benefited from guidance and encouragement by Annette Dixon, former regional vice president for South Asia; Qimiao Fan, country director for Bangladesh, Bhutan and Nepal; and Karla González Carvajal and Catalina Marulanda, practice managers.

Funding by Australia’s Department of Foreign Affairs and Trade and data and remote sensing support by the European Space Agency and GISAT are gratefully acknowledged.

The production of the report and the logistics supporting it were steered by Neelam Chowdhry from Washington, DC, and Mohammad Baharul Alam, Janet Bably Halder and Amani Haque from Dhaka, Bangladesh. Rajashree Paralkar guided the timing of local events related to the report.

The World Bank’s former publishing program was in charge of the design, typesetting and dissemination of both the printed and electronic versions of the report. Special thanks are extended to Aziz Gokdemir and Jewel McFadden for coordinating the process and to Patricia Katayama for her advice. Sabra Ledent edited the report.

The team also thanks the World Bank’s External Communication in South Asia Unit, including Alex Anthony Ferguson, Shilpa Banerji, Yann Doignon, Mehrin Ahmed Mahbub and Cheng (Joe) Qian, for their guidance and support.
About the Authors

Julia Bird is a postdoctoral researcher in economics at the University of Oxford. Her research seeks to explore the changing patterns of urbanization observed over recent decades, with a focus on Sub-Saharan Africa. In particular, she is interested in the location decisions of firms and people within and across urban areas, how they interact and generate agglomeration economies, and how these spatial patterns are impacted by policies such as infrastructure investments. She previously completed a PhD at Toulouse School of Economics, France.

Yue Li is a Senior Economist at the World Bank, working in the Office of the Chief Economist for the South Asia region. She has led the preparation of studies on regional issues, and contributed to country-level engagements. Prior to that, she coauthored the World Development Report 2013: Jobs and worked in the Sub-Saharan Africa, Europe and Central Asia, and East Asia and Pacific regions of the World Bank. Her research covers international trade, firm dynamics, economic geography, and urban economics. She holds a PhD in economics from Rutgers University, and master’s degrees in Economics and Political Science from Syracuse University. Her bachelor’s degree is from Peking University, China.

Hossain Zillur Rahman is the founder-chairman of the Dhaka-based think tank, Power and Participation Research Centre (PPRC). A leading civic and policy voice of Bangladesh, he currently leads the centre’s work on urbanization, universal health coverage, social protection, and inclusive growth. His former positions include lead consultant for Poverty Reduction Strategy, member of the South Asian Association for Regional Cooperation (SAARC) Poverty Commission, and member of the Bangladesh Bank Board. He was appointed Advisor (cabinet minister) in charge of the Ministries of Commerce and Education in the Caretaker Government of Bangladesh (2007–08). He was awarded the Dr. John Meyer Global Citizenship Award by the Institute for Global Leadership of Tufts University, United States in 2009 and the Gold Medal 2013 by Rotary International Bangladesh.

Martin Rama is the Chief Economist for the South Asia region at the World Bank, where he promotes debate on difficult policy issues in the region, leads the
preparation of major reports on regional issues, and oversees the quality of the Bank’s analytical work in the region. His former positions include the Director of the *World Development Report 2013: Jobs*, and the Lead Economist for Vietnam. Prior to moving to operations, he spent 10 years with the research department of the World Bank and was visiting professor at the University of Paris. Back in his home country, Uruguay, he was a director of CINVE, the country's largest think tank. The main focus of his research is on labor issues.

**Anthony J. Venables** is Professor of Economics at Oxford University, where he directs a program of research on urbanization in developing countries and the Oxford Centre for the Analysis of Resource Rich Economies. He is a Fellow of the Econometric Society, the Regional Science Association, and the British Academy; a member of the steering group of the International Growth Centre; and Chair of the Scientific Advisory Committee of the IFO Institute. His former positions include Chief Economist at the UK Department for International Development and Professor at the London School of Economics. He has published extensively in the areas of international trade and spatial economics, including work on trade and imperfect competition, economic integration, multinational firms, economic geography, and natural resources.
Overview: Toward Great Dhaka

A unique opportunity beckons Bangladesh. Dhaka, central to the country’s middle-income future, stands on the cusp of a decision to make itself more livable and more prosperous. Toward its east, where two major highway corridors will one day intersect, is a vast expanse of largely rural land. And much of it is within 6 kilometers of the most valuable parts of the city.

The time to act is now. Many parts of this area, hereafter called East Dhaka, are already being developed at an alarmingly rapid pace. Private developers are buying land and filling it with sand so they can build and sell new houses and apartments. This spontaneous and haphazard development could soon make East Dhaka look like the messy western part of the city, and retrofitting it later will be more difficult and costlier than planning and constructing it properly. Unless there is action soon, the opportunity represented by East Dhaka will be lost.

This study by the World Bank, with the participation of the University of Oxford and Bangladeshi experts, seeks to analyze how the opportunity of East Dhaka could be realized. Using state-of-the-art modeling techniques, this study simulates population, housing, economic activity and commuting times across the 266 unions that constitute Greater Dhaka. It does so under various scenarios for the development of East Dhaka, but always assessing the implications for the entire city.

The simulations used in this study suggest that a strategic approach to the development of East Dhaka must include three critically important interventions:

- **Building the eastern embankment along the Balu River.** Lower vulnerability to flooding would massively increase the amount of land available for urban development. In the simulations, the 119 square kilometers of East Dhaka can accommodate over 6 million people by 2035. This is fewer than the population of London, Paris or New York, but more than that of Berlin, Boston, or Rome. Importantly, a significant fraction of the additional population in East Dhaka comes from the existing urban core, effectively reducing its density.
• Developing critically important transport infrastructure in this new area. Such infrastructure is needed to enhance the quality of the additional urban land generated by the embankment. Several east-west axes in the spirit of the recently built 300 Feet Road can increase connectivity with the planned ring road and the Sylhet-Chittagong corridor. Two segments of mass rapid transit lines and one bus rapid transport line would make East Dhaka more accessible. In the simulations, density in the existing urban core is substantially eased.

• Reducing the cost of doing business in the new area. The shift of households and firms—especially those producing high-value-added services—toward East Dhaka is much stronger if a new central business district is developed there. However, this shift of economic activity cannot be taken for granted. Lower taxation and less red tape in the new business district would help overcome the “first mover” problem. In the simulations, success in doing so makes East Dhaka an area of high-value-added activities—such as banks, universities and logistics services—with more and better jobs, and much higher incomes.

The promise and pitfalls of urbanization

The proposed approach draws on the experience of Shanghai, China. The extraordinary growth of this city, from a population of 6 million in the 1980s to over 24 million today, was accompanied by far more economic activity, greater mobility through upgraded transportation, improved access to services, and better livability. Much of this success was due to China’s strategic approach to the development of East Shanghai (Pudong) and to its integration with the rest of the city. The “Pudong miracle” transformed Shanghai into the connecting point between its hinterland and the rest of the world, and that in just 25 years. But this success required a clear vision—one that was embraced by government agencies, private investors and citizens—supported by careful planning and tight implementation.

For Dhaka, matching Shanghai’s achievement will be a challenge. Dhaka has a myriad of overlapping and competing authorities. No effective coordination mechanisms are in place, and plans generated by different agencies are, at best, partially implemented. There are reasons for optimism, however. In the few cases in which mandates have been clear and strong coordination mechanisms have been established, an exceptional implementation capacity has emerged. The successful Hatirjheel Lake rehabilitation project is a stellar example.

Mobilizing the country’s political leadership and creating the institutional arrangements to develop East Dhaka will pay off in greater prosperity for the people of Bangladesh. Urbanization is one of the most important drivers of economic and social development. In cities, markets have more buyers and sellers than in rural areas, new ideas spread faster, specialization is easier, and service delivery is cheaper.

From this perspective, the fact that almost 35 million Bangladeshis will become urban dwellers over the next two decades is excellent news. Dhaka itself illustrates the point. Building on strong economic fundamentals, Dhaka has
experienced remarkable growth and become the economic powerhouse of the country. Its astonishing growth, from a population of 3 million in 1980 to 18 million today, represents the promise of a better life for its residents, offering them opportunities to lift themselves out of poverty and into the middle class.

But the benefits of urbanization can be easily lost if there is not enough high-quality land to accommodate the many new urban dwellers. With 29,000 inhabitants per square kilometer, Dhaka has already become one of the most densely populated cities in the world.

This mostly spontaneous urbanization has resulted in three serious challenges. Flooding and waterlogging are recurrent, with monsoon rains and river overflows often bringing the city to a standstill. Only 25 of the city’s 43 canals are presently functional, severely reducing the city’s water conveyance capacity. Meanwhile, the growth of the built-up surface has shrunk the natural water storage areas such as wetlands and ponds.

Dhaka is also one of the most congested cities in the world. The average driving speed has dropped from 21 kilometers an hour 10 years ago to less than 7 kilometers an hour today. Continuing current trends would result in a further slowdown to 4 kilometers an hour, or slower than walking speed. Congestion wastes about 3.2 million working hours each day and costs the economy billions of dollars every year.

The city is also messy in other ways. Many residents, including the 3.5 million people living in informal settlements, often lack access to basic services, infrastructure and amenities. Air, soil and water quality has deteriorated to alarming levels, and pollution is adversely affecting the lives of urban dwellers.

**A South Asian hub**

The urbanization of Bangladesh is now at a crossroads, as it will be much harder for the country to reach upper-middle-income status if its cities—and Dhaka in particular—do not realize their full potential. A new paradigm is needed before the compounded costs of flooding, congestion and messiness stall the country’s economic and social development.

This new paradigm involves the massive creation of high-quality urban land both in Dhaka and in other cities, but in an interconnected way. The experience in South Asia, where the capacity for planning and implementation is not as strong as in East Asia, is that cities have developed well along vibrant transport corridors. The example of Delhi and the vast network of urban centers in its catchment area, especially along the Golden Quadrilateral, is highly relevant in this respect. Though Delhi itself has a population of 17 million, some 80 million people directly or indirectly benefit from its development. Indeed, Delhi-Jaipur has become an almost continuous urban space (if not always in name, for sure in practice). Seen from outer space, the entire area between Delhi and Amritsar is lit at night to various degrees.

Bangladesh is now on the cusp of a similar development. The envisioned Sylhet-Chittagong highway offers the prospect of connectivity to India’s
northeast and global markets. The almost-completed Padma Bridge will allow the establishment of an active link with Kolkata, continuing over time toward Myanmar and Southeast Asia more broadly. These two corridors intersect in Dhaka’s east, across the Shitalakshya River. Bangladesh’s rivers complement this emerging corridor network. The proposed rehabilitation of the Buriganga and Shitalakshya Rivers, together with the upgrading of river navigability more generally, is expected to boost the connectivity of inland waterways.

For both roads and rivers, Dhaka happens to be the hinge of this emerging network of economic corridors, much like Delhi is in India. Ensuring that Dhaka is vibrant and functional is therefore one of the most important development priorities for Bangladesh.

Depending on the metric used, Dhaka already contributes between a fifth and a third of the country’s income. Its success as a city going forward would enhance this contribution. Directly, because Dhaka is more productive than the rest of Bangladesh, and therefore Bangladesh’s aggregate output increases alongside Dhaka’s share of the national population. Indirectly as well, due to the city’s potential to spread prosperity and boost economic development along the emerging network of economic corridors, as Delhi does in India.

**The cost of inaction**

All of this may sound like wishful thinking given the difficulties faced so far in retrofitting and decongesting what is by any standard a very messy city. Most efforts and resources have focused on trying to fix Dhaka by building flyovers, developing mass transport, improving drainage and providing sanitation in the western part of the city. All of this is absolutely necessary. But retrofitting a crowded city is very expensive. And no matter how diligent the efforts, population growth always seems to outpace infrastructure development. For example, between 1995 and 2005 the road surface in the urban core of Dhaka increased by only 5 percent, while the population increased by 50 percent. With growing prosperity, traffic increased by a staggering 134 percent.

And yet seizing the opportunity to develop East Dhaka correctly would not only be less costly per unit of land surface, but also complement ongoing retrofitting efforts.

East Dhaka remains mainly rural because the eastern embankment foreseen by the Flood Action Plan of 1991 was never built. As a result, most of the land is flooded during the monsoon season. But the area is now urbanizing. Private developers are filling vast tracts of land with sand, and households and firms are encroaching the edges of the few roads there.

This spontaneous urban development eastward may create substantial risks. One such risk is natural disasters. Existing Dhaka is built over the relatively stable Madhupur Tract, but East Dhaka is mostly off of it, which makes it more vulnerable to earthquakes than the western part of Dhaka. Sand filling is increasing even further the risk of soil liquefaction in the event of a major earthquake. And as more people move into this area, the human cost of a seismic shock will
likely increase. Building the embankment, together with complementary soft interventions such as enforcing construction standards, is critically important to stop the sand filling, and keep natural disaster risks under control.

Another risk associated with the spontaneous development of East Dhaka is growing congestion. The population is densifying eastward, but the proper infrastructure has not yet been put in place. Once housing has been built around the relatively few narrow streets and axes that currently cross the area, enlargement of these streets and axes will become costly, as it is in the existing urban core today. Spontaneous development may also result in the encroachment of canals and ponds that are critically important for water overflow during times of heavy rainfall.

On the social front, risks are associated with weak land ownership rights. Urbanization results in large increases in land value, and how this economic surplus is distributed matters. An in-depth study of the *mouza* Purba Durgapur, which is arguably representative of the areas of East Dhaka that have not yet been targeted by private developers, has revealed much fewer land property titles than households living there. If land titling, appraisal and administration are not upgraded as part of a strategic approach to the development of East Dhaka, the current residents may lose. Much of the surplus value that should be distributed among lawful owners and the public may be appropriated by large developers.

As for infrastructure and services, the rapid expansion of the western part of Dhaka was partly associated with the construction of the western embankment along the Buriganga River after the massive flood of 1988. The resulting availability of land attracted large numbers of firms and households before adequate infrastructure could be built, social services could be made accessible, and transportation services could be developed. As a result, Dhaka lost many of its canals and retention ponds, saw its congestion spiral out of control, and became one of the least livable large cities in the world. The spontaneous development of East Dhaka could lead to a similar dynamic.

**A more prosperous Bangladesh**

The simulations in this study reveal how large the difference between continuing with business as usual versus pursuing a Pudong-like approach to the development of East Dhaka could be.

Based on current trends, Greater Dhaka would have a population of 25 million in 2035 and an income per capita of US$8,000 at 2015 prices. Building the eastern embankment would increase the overall population of the city by 1.5 million people and the number of jobs by half a million. Making critically important transportation investments would add another 1.5 million people and 0.6 million jobs. However, the population of existing Dhaka would actually decrease by 1 million compared with that in the business as usual scenario because many households and firms would choose to move eastward.

Completing the package by easing the cost of business in East Dhaka, thereby encouraging the eastward movement of high-value-added activities, would add
another 2 million people and nearly 0.7 million jobs to the city. But it would be a more productive city, with an income per capita of more than US$9,200 at 2015 prices, or enough to put Dhaka on the map of global cities.

In summary, a strategic approach to the development of East Dhaka, similar in spirit to what China chose for Shanghai with the development of Pudong, would make Greater Dhaka a much more productive and livable city. With East Dhaka being the hinge of Bangladesh’s emerging north-south and east-west corridors, this greater prosperity is likely to spread. Much like Delhi, Greater Dhaka could boost economic development over a vast catchment area. In doing so, it would help absorb the 35 million Bangladeshis who are expected to become urban dwellers over the next two decades.

While the returns of such an approach would be huge, the costs would be manageable. Building the eastern embankment could require around US$2 billion. Adding the critically important transport infrastructure for East Dhaka would take the total bill closer to US$10 billion. Reducing the cost of business in the new area would mainly require an institutional effort to coordinate across agencies and ensure leadership, but it may not be too costly in monetary terms. Providing comprehensive public services in East Dhaka would involve substantial spending and push the total bill to US$15 billion.

And yet the payoffs to the relatively modest spending needed to embrace a strategic approach to the development of East Dhaka would be enormous. What is at stake is not just Greater Dhaka itself—it is the chance for Bangladesh to become an upper-middle-income country over a couple of decades and in doing so meet the aspirations of its people.
A unique strategic opportunity beckons Bangladesh. Dhaka, the economic powerhouse of the country, stands on the cusp of a dramatic transformation that could make it much more prosperous and livable. Today, Dhaka is prone to flooding, congestion, and messiness, to a point that is clogging its growth. But toward its east, where two major highway corridors will one day intersect, is a vast expanse of largely rural land. And much of it is within 6 kilometers of the most valuable parts of the city.

The time to make the most of this eastward opportunity is now. Many parts of East Dhaka are already being developed in a haphazard way at an alarmingly rapid pace. Private developers are buying land and filling it with sand so they can build and sell new houses and apartments. Canals and ponds are disappearing, and the few narrow roads crossing the area are being encroached by construction. This spontaneous development could soon make East Dhaka look like the messy western part of the city, and retrofitting it later will be more difficult and costlier than properly planning and developing it now.

*Toward Great Dhaka: A New Urban Development Paradigm Eastward* seeks to analyze how the opportunity of East Dhaka could be realized. Using state-of-the-art modeling techniques, the study simulates population, housing, economic activity, and commuting times across the 266 unions that constitute Greater Dhaka. It does so under various scenarios for the development of East Dhaka, but always assessing the implications for the entire city.

The simulations suggest that pursuing a strategic approach to the development of East Dhaka would make Greater Dhaka a much more productive and livable city than continuing with business as usual. Based on current trends, Greater Dhaka would have a population of 25 million in 2035 and an income per capita of US$8,000 at 2015 prices. However, embracing a strategic approach would add 5 million people to the city. And, it would be a more productive city, with nearly 1.8 million more jobs and an income per capita of more than US$9,200 at 2015 prices, enough to put Dhaka on the map of global cities.