

CHILD RIGHTS AND INFORMAL TEXTILE WASTE RECYCLING IN BANGLADESH

December 2024



Workers sorting jhut at a warehouse in Mirpur market
© The Centre for Child Rights and Business, 2024

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	2
2. INTRODUCTION	3
2.1. BACKGROUND OF THE STUDY	3
2.2. RESEARCH OBJECTIVES AND METHODOLOGY.....	3
3. FINDINGS.....	4
3.1. WASTE MANAGEMENT IN BANGLADESH AND THE TEXTILE RECYCLING VALUE CHAIN.....	4
3.2. A SYSTEMIC ISSUE IN WASTE MARKETS: SUPPLY AND DEMAND OF WASTE AND RECYCLED MATERIALS.....	7
3.3. THE INFORMAL WORKFORCE: MIGRANT MOTHERS, PRECARIETY AND CYCLE OF POVERTY .8	8
3.3.1. WORKFORCE PROFILE, CONDITIONS AND LIVELIHOOD	8
3.3.2. WORKING MOTHERS: LONG-TERM PRECARIETY AND CYCLE OF POVERTY	11
3.4. CHILD LABOUR.....	13
3.5. BUSINESS OWNERS: ONE RUNG UP ON THE PRECARIETY LADDER	17
4. CONCLUSIONS.....	19
5. RECOMMENDATIONS FOR COMPANIES: GUIDELINES FOR ENGAGEMENT	20
6. APPENDICES.....	23
APPENDIX I. DETAILED RESEARCH BACKGROUND	23
APPENDIX II. RESEARCH SAMPLE BREAKDOWN	24
APPENDIX III. BACKGROUND ON CHILD LABOUR IN BANGLADESH AND KEY POLICIES IN FORCE	24

About this Report

UNICEF engaged The Centre for Child Rights and Business in 2023 to carry out research to gain a deeper understanding of textile waste and its implications for recycling value chains concerning children’s rights. The report findings inform UNICEF’s evolving evidence base on child rights and business including in relation to child rights in global supply chains and related topics on the ready-made-garment industry, the informal sector, waste recycling and the just transition agenda.

This report is a publication by The Centre for Child Rights and Business and does not articulate, nor does it represent, any position of UNICEF.

1. EXECUTIVE SUMMARY

In late 2023, The Centre for Child Rights and Business (“The Centre”) carried out a study across four textile waste markets in Bangladesh to gain a better understanding of the impact of informal recycling of industrial waste on children’s rights and to identify potential challenges for companies operating in the area.

Due to the limited waste processing capacity in Bangladesh, the informal waste markets play an important support role in processing pre-consumer waste and sourcing raw materials for the formal garments industry. The markets rely largely on a domestic migrant and marginalised workforce, with 70% of them being women. This workforce is highly vulnerable due to a combination of poverty, lack of childcare and limited resources to cope with emergencies. As a result, child labour in the markets is common and openly tolerated. The informal structure and low skill requirements within much of the waste sector make it relatively easy for children to become involved in child labour.

Our study observed that unsupported children and student dropouts enter this sector because it provides them with an opportunity to earn wages comparable to adult workers. In the long run, this pattern feeds an enduring cycle of poverty.

This study identified the following key challenges in the textile recycling environment that further exacerbate the poverty and vulnerability of the workers and their children:

- ❑ Lack of adequate wages
- ❑ Lack of childcare support
- ❑ Commonplace/systematic child labour
- ❑ Limited education support
- ❑ Child brides

The waste processed in the waste recycling market stems largely from the formal domestic Ready-Made Garment (RMG) sector. This close connection to the formal RMG sector means that the performance of the recycling sector is intricately linked to the formal textile industry. In particular, the persistent economic challenges that have plagued the Bangladesh RMG sector ever since the onset of the COVID-19 pandemic, have resulted in a challenging business environment for the informal waste sector. Many waste shops currently struggle to turn a profit and might operate on credit, highlighting the precarity of the recycling business environment and further increasing the poverty and exacerbating the poverty and vulnerability of the workers and their families.

The findings presented in this report aim to support the development of a long-term strategy for safeguarding children's rights in this expanding sector. Formal business operations are increasingly hard to decouple from the risks of informal business operations within the supply chain. To this end, corporates need to have a proactive and extended approach to sustainable sourcing. By doing so, they can mitigate the potential harm to children and ensure a more ethical and responsible business environment.

2. INTRODUCTION

2.1. BACKGROUND OF THE STUDY

The Centre was commissioned by UNICEF to carry out research into informal waste recycling to understand the impact of recycling value chains on children’s rights and to identify potential engagement with companies and the international community. Following an initial desktop review and consultation with UNICEF, a decision was reached to conduct a deep-dive study into the informal textile waste market in Bangladesh, due to it being the second-largest garment exporter in the world and its aspirations to become a “global recycling hub”¹. The country’s textile industry is a rapidly growing, dynamic sector, defined by a large informal workforce, limited waste processing capacity, and significant child rights challenges. For more details on the study’s background and scope, please see Appendix I.

These waste markets play an essential role in support of the formal garments industry but operate outside of the legal compliance regime and rely entirely on domestic migrants and marginalised populations. This report highlights how the waste recycling process is linked to numerous human rights challenges, including child labour and families trapped in a cycle of poverty. In addition, we will also spotlight significant opportunities for constructive engagement and support within the sector. The findings and recommendations in this report aim to support textile brands and producers to move in the right direction.

2.2. RESEARCH OBJECTIVES AND METHODOLOGY

The Centre team carried out data collection between November and December 2023, focusing on four textile waste markets (Mirpur Jhutpotti, Konabari, Jalkuri and Puran Dhaka) located in major textile hubs in Dhaka, Narayanganj and Gazipur. The study was qualitative in nature, which included semi-structured interviews and four focus group discussions. The findings are based on input from 92 respondents, desk review, and observational data. For a detailed breakdown of the field study sample, please see Appendix II.

The **objective** of our field study and its qualitative focus was to understand the connections between waste markets and formal recycling/textile industries, the conditions framing informal waste operations, and the circumstances of the people involved – working in small shops as waste sorters and/or in mini-garment factories producing for the local market. Given the nature of the RMG sector, the study **focuses on textile waste** (e.g. fabric scraps known locally as “jhut”, cut-piece fabrics, yarn) and accessories (buttons, price tags, elastic), and to a lesser extent on polyester, which is an important material in recycled fibre production.

This study’s focus on textile waste markets pertains to industrial waste management. For this reason, the interviews targeted people working as waste sorters and cleaners, machine operators, shop assistants, porters unloading waste trucks and workshop managers. The field study did not include street waste pickers. Despite being a significant part of waste management, this group is more closely involved in municipal waste management. Nevertheless, an overview of the conditions of the waste pickers is included in the discussion.

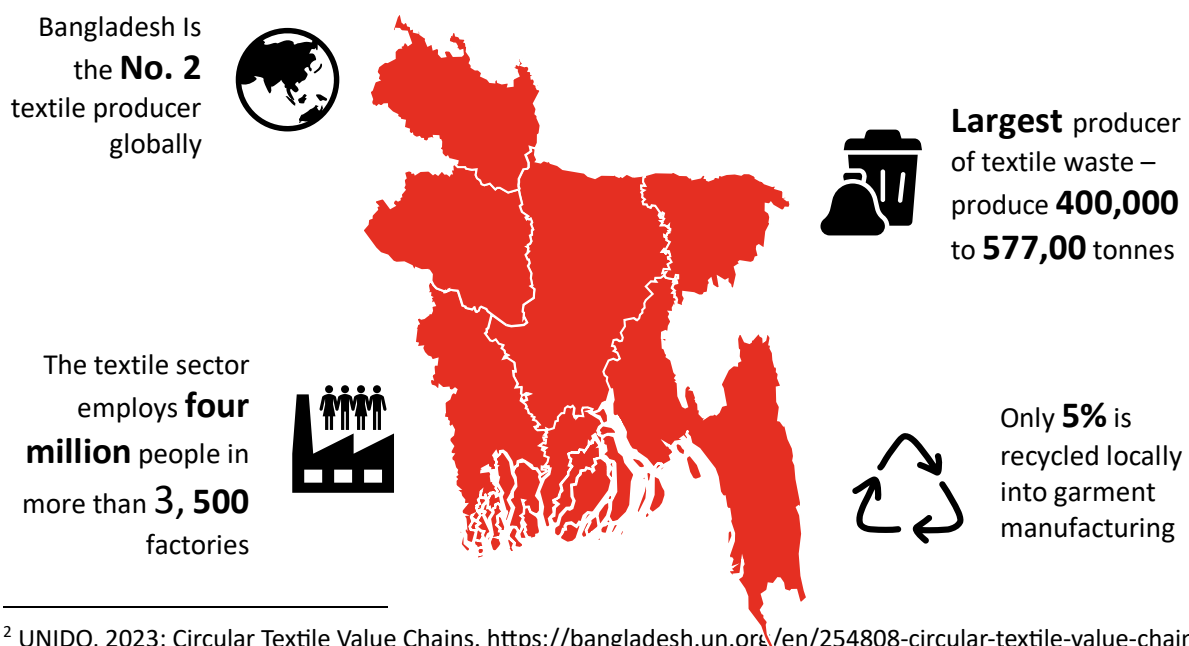
¹ TBS News, *Bangladesh aspires to become textile waste recycling hub: BGMEA president*. September 2023 <https://www.tbsnews.net/economy/rmg/bangladesh-aspires-become-textile-waste-recycling-hub-bgmea-president-695490>

3. FINDINGS

3.1. WASTE MANAGEMENT IN BANGLADESH AND THE TEXTILE RECYCLING VALUE CHAIN

Bangladesh has rapidly expanded its textile industry over the last 40 years to become the second-largest global garment producer after China.² The textile sector employs four million people in more than 3,500 factories and exports goods worth \$43 billion to 167 countries (World Economic Forum, 2024). However, the textile industry has extensive environmental and social impacts on many levels. One of them is industrial textile waste, which is a global issue. According to Reverse Resource, among the 228 textile manufacturers they tracked globally, over 3.48 million³ tonnes of textile waste were produced that could have been recycled in between 2021 and 2023. The reality of this problem is even more serious in Bangladesh. According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Bangladesh produces approximately 400,000 to 577,000 tonnes of pre-consumer textile waste annually as one of the largest producers of textile scraps in the world, but only 5% is recycled locally and used for garment manufacturing.^{4,5} The high sourcing costs, low profit margins (compared to using virgin cotton), limited capacity, and lack of technology infrastructure to effectively process waste are some of the key challenges to promoting the local textile recycling sector.^{6,7}

Infographic 1: Bangladesh's Textile Sector



² UNIDO, 2023: Circular Textile Value Chains. <https://bangladesh.un.org/en/254808-circular-textile-value-chains-through-comprehensive-policy-approach-under-unido-led-project>

³ The figure is derived from monthly Reverse Resource dashboard in the period of January 2021 to July 2023 where the total volume of waste generated was recorded 116,385 tonnes per month.

⁴ TBS News, *Experts for adopting strategy to upstream circularity in apparel industry*, September 2023 <https://www.tbsnews.net/economy/rmg/experts-adopting-strategy-upstream-circularity-apparel-industry-694118>

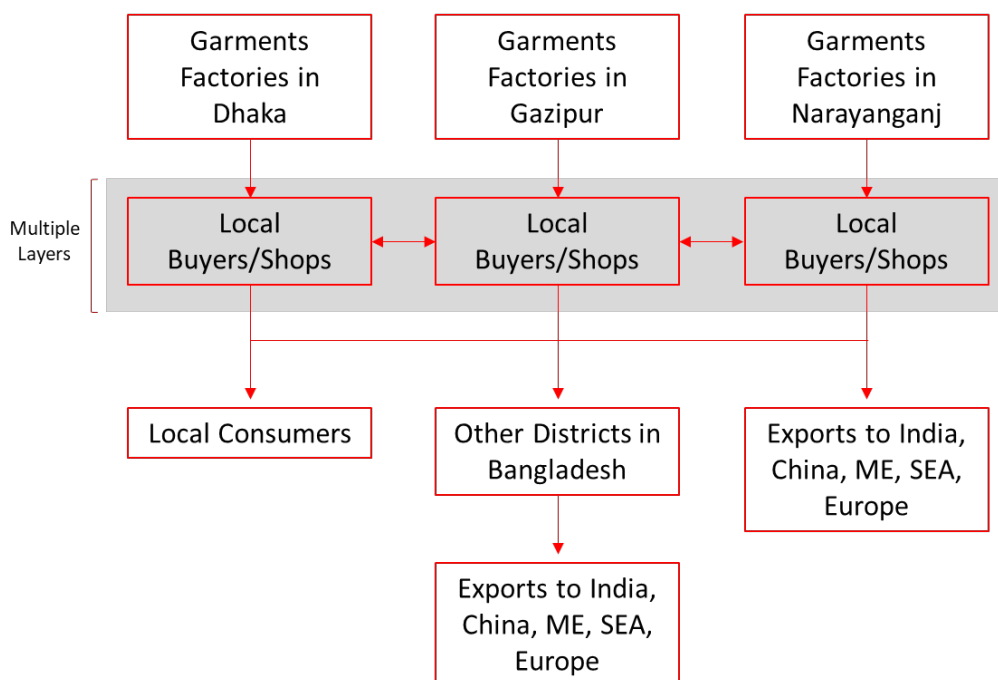
⁵ The Spinoff, *How Bangladesh could benefit from recycling Cotton Waste*, June 2021 <https://www.the-spin-off.com/news/stories/The-Materials-How-Bangladesh-could-benefit-from-recycling-cotton-waste-15973>

⁶ Textile Today, *Bangladesh can earn US \$6.0bn by textile garment waste*, August 2023 <https://www.textiletoday.com.bd/bangladesh-can-earn-us-6-0bn-by-textile-garment-waste>

⁷ Dhaka Tribune, *Bangladesh can save \$500m yearly by recycling textile waste*, March 2023 <https://www.dhakatribune.com/business/282553/bangladesh-can-save-500m-yearly-by-recycling>

Pre-consumer textile waste is similar to general urban waste management which shapes the nature of the local recycling value chain and the dynamics of its informal support industry. Many cities in Bangladesh rely on informal labour to process 50% of their daily waste. In Dhaka, there are an estimated 100,000 women and children who work as informal waste pickers. These waste-pickers collect and transport waste to designated large disposal containers; they earn a wage of anywhere between BDT 1,000 – 4,000 monthly and are described as an “ultra-poor” and “highly vulnerable” population.⁸

The textile recycling sector is heavily dependent on the support of the informal sector for efficient waste processing – in particular sorting, cleaning and shredding of materials. Our interviews confirm that the amount of waste currently processed within the factories is very limited. Instead, the vast majority is sold to waste collectors and transported to designated “waste markets” for processing. The particular waste shops then proceed to sort and clean waste, separating it by colour and quality, and/or shredding and processing the raw materials to resell them at a small profit (e.g. BDT 5-10/kg in the case of “jhut”) to a range of customers – small garment workshops; spinning mills; recycling factories producing fibre; suppliers for large buyer companies; or exporters for the international market. The following chart illustrates the overall textile waste value chain:

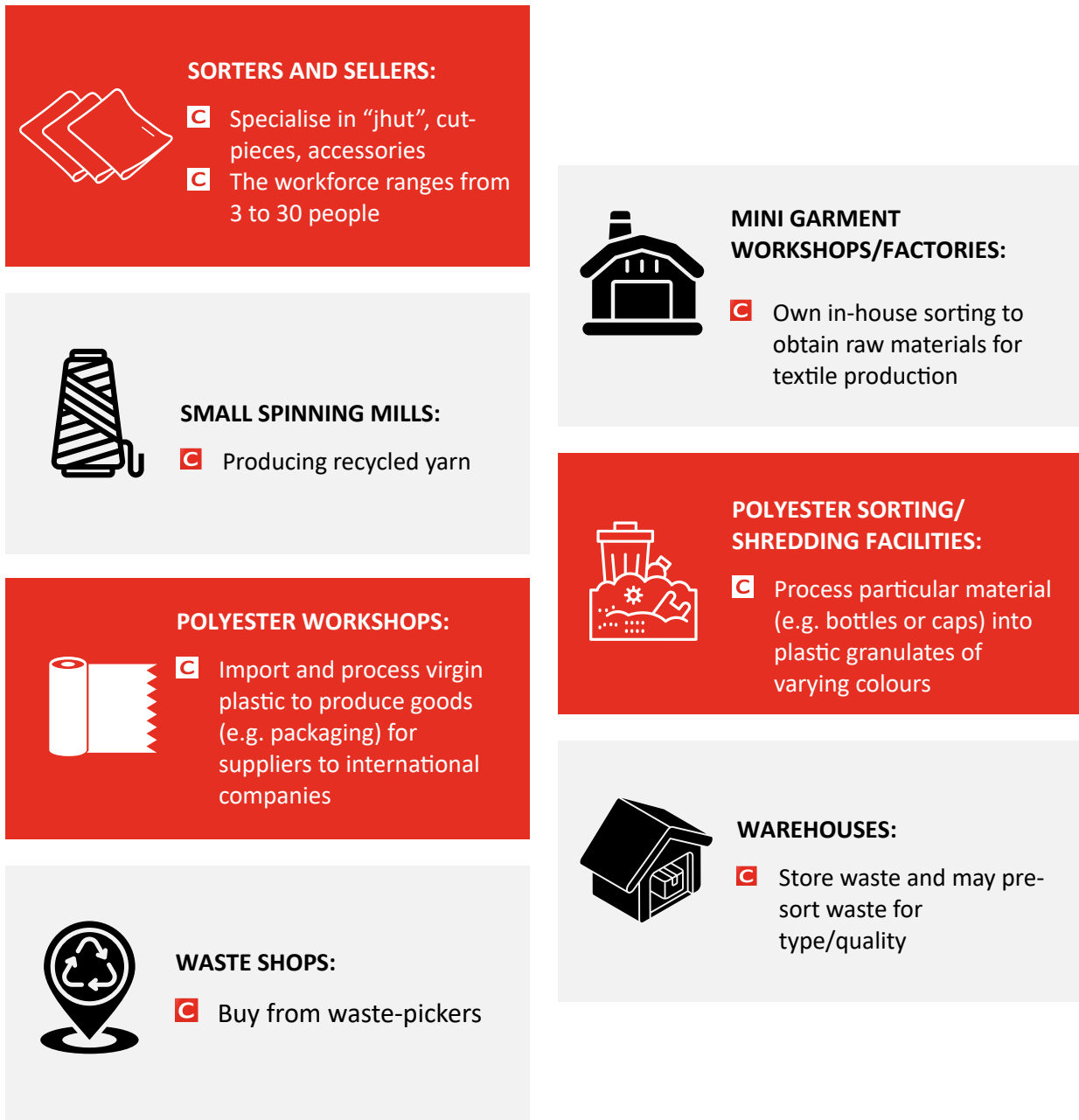


The **middle layer** may involve several different middlemen in the purchase and transportation of the waste to the markets, based on a network of personal relationships. A number of shops, for example, manage to purchase waste directly from the factories. Some larger entities or groups of shops have their own trucks and warehouses. Waste can be sourced from collectors as well as waste-pickers. However, the **most commonly observed arrangement** involves large waste collectors purchasing waste in bulk from the factories and transporting it to warehouses, where the waste might initially be segregated by type and quality. These collectors then sell their waste to the highest bidder and/or their contacts from the local waste-market shops.

⁸ Islam, 2021. Urban Waste Management in Bangladesh: An Overview with a Focus on Dhaka.

A range of shops/businesses (i.e. the **local consumers** indicated in the chart above) specialise in a particular type of material and its processing, from the smallest 2 to 3 people shops sorting several tons of “jhut” annually, to larger entities (up to 30 workers), which might process and use waste material in their own garment production for the local market, and to those processing/shredding textile or polyester to be sold as raw materials.

Infographic 2: Common actors in textile waste



3.2. A SYSTEMIC ISSUE IN WASTE MARKETS: SUPPLY AND DEMAND OF WASTE AND RECYCLED MATERIALS

The **competition over a share of the textile waste market and its profits is increasingly important**. Bangladesh exports USD 400 million of cotton waste annually.⁹ Local organisations such as BGMEA are urging the sector to capitalise on the value of textile waste, estimated at USD 3 billion of the textile export income. Two key factors shape the market dynamics, which consequently impact the income and conditions of the informal workforce: “waste syndicates”¹⁰ and the international waste market.

In our field study, “waste syndicates” are evident in Gazipur. Typically, these influential groups monopolise factory purchases and direct waste trucks to one of “their” affiliated shops, who then sell to designated customers at inflated prices. In the context of marginal profits reported by interviewed shop owners, which is approximately BDT 5-10/kg of processed waste, a syndicate can purchase waste for BDT 50/kg at the factory and re-sell it to established clients for up to three times the cost price (e.g. BDT 120/kg for raw fabrics or BDT 160 for coloured fabrics). According to our field interviews, in addition to control of the market, these groups extort protection money from shop owners in exchange for access and the ability to operate without problems.

The demand in the international waste market impacts sales volumes and prices. This rising trend presents two contrasting issues in Bangladesh. One is **exporting textile waste may be more favourable than processing textile waste**. According to several of our respondents, at least 30 to 40% of the textile waste is sold abroad (e.g. to India), as the price and potential profits can easily be double those on the domestic market.¹¹ On the other hand, there is a **trend of importing waste, due to Bangladesh’s lack of capacity, to keep up with the rising demand for recycled fashion**. International clothing manufacturers are facing pressure to meet the demand and sustainability targets.¹² For example, one of the large buyers we interviewed reported sourcing as much as 75% of recycled polyester and 90% of recycled cotton used in local textile production from abroad – largely due to ethical/reputational concerns over child labour and challenges inherent in informal waste management.

The market dynamics pose challenges behind the emerging recycling industry, as waste processing remains safer and more profitable to outsource through domestic or international intermediaries. This challenge deepens when the industry faces economic crisis. In the context of the post-COVID market downturn, our interview with the head of a local association shared that despite grassroots organisations are making efforts to help microbusinesses to secure better prices through group purchase, in reality, the microbusinesses are still vulnerable. The association lost almost two-third of their active members, dropped from 67 to 20 members, and business volumes for some shops dropped by 50 to 80% compared to pre-pandemic levels. The hardship of microbusinesses has a ripple effect on the welfare of textile waste workforce.



Loading bags of waste in Mirpur market
© The Centre for Child Rights and Business, 2024

3.3. THE INFORMAL WORKFORCE: MIGRANT MOTHERS, PRECARIETY AND CYCLE OF POVERTY

3.3.1. WORKFORCE PROFILE, CONDITIONS AND LIVELIHOOD

The waste markets in Dhaka, Narayanganj and Gazipur play a key role in supporting the formal garments industry due to its demand for raw materials and recycled fiber. At the same time, they rely entirely on an informal workforce composed largely of migrant families from surrounding provinces. In addition, the Mirpur waste market in Dhaka is surrounded by the largest Bihari-minority camp in the country, and Bihari are often employed as part of the local workforce.¹³

Among this population, as much as **70% of the workforce is composed of women** employed to sort, clean and sell a range of varied garment waste fabrics, accessories and polyester. Men tend to be employed for physically demanding tasks, at higher pay, in particular when loading/unloading and carrying bags of waste (weighing up to 100kg).



Focus group discussions with female waste sorters in Konabari
© The Centre for Child Rights and Business, 2024

Due to the lighter nature of work involved, the average monthly **wage** for women is typically BDT 6,000-9,000 (USD 55-82), while for men it is between BDT 9,000-12,000 (or USD 82-110).¹⁴ In addition to full-time staff, many shops employ **day labourers**, who are usually compensated for completing a particular work quota (e.g. sorting 40kg of plastic cork) and who move between different shops working on a needs basis, for example as porters. The day labourers might earn BDT 300-500/day (USD 2.7-4.5); or in some cases BDT 800-1400/day depending on the task they carry out.

Unlike the formal RMG sector, there are no regulations to manage these work relationships and working environments. The employment arrangement is based entirely on verbal agreements and mutual trust, without written contracts. The working hours are commonly between 10-12 hours a day

¹³ The Bihari are an Urdu-speaking pro-Pakistani minority and among the most marginalised social groups in Bangladesh. They live in 72 designated camps across Bangladesh, with the largest (housing over 200,000 people) based in Mirpur, Dhaka, surrounding the waste market. Based on the interviews, the Bihari can make up to 10-20% of the informal workforce. Their conditions and compensation are at the same level as those of Bengali workers, although the Bihari are entitled to some government support regarding food and housing.

¹⁴ In comparison, the minimum wage for garment workers employed in a formal (e.g. factory) setting was recently raised from BDT 8,000 to BDT 12,500/month. The new wage levels are roughly half of the amount demanded by the workers themselves, who feel unable to cope with the rising cost of living.

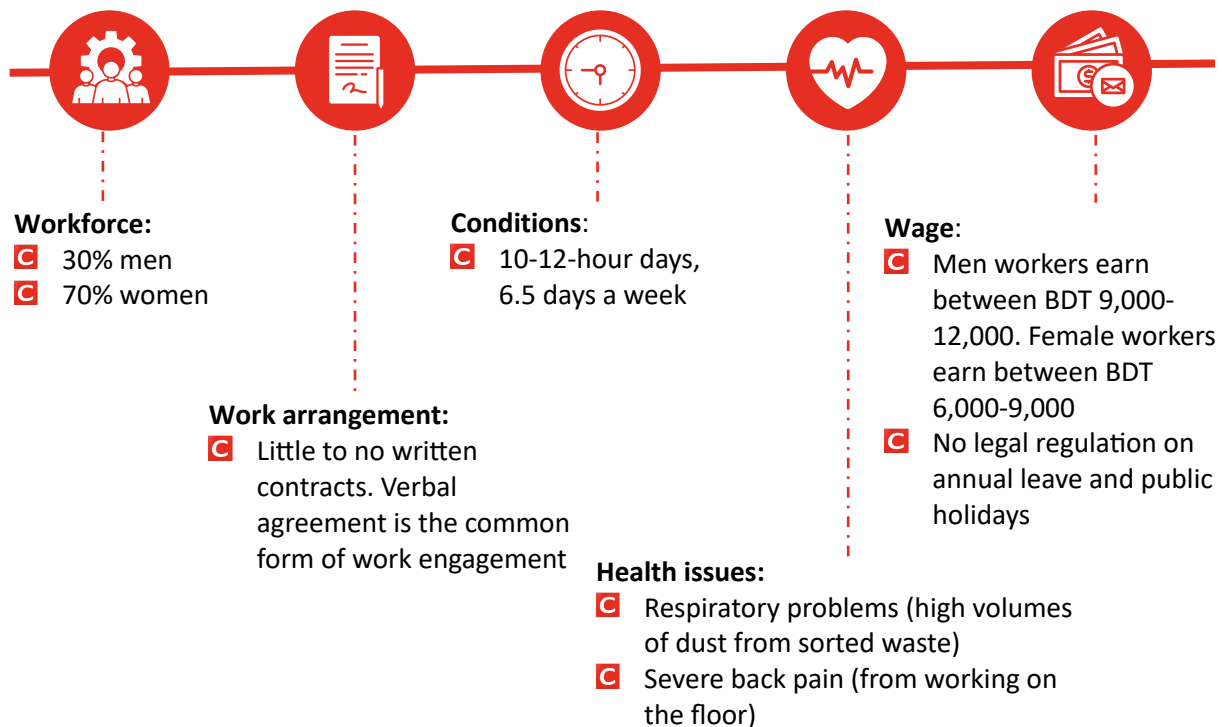
and 6.5 days a week.¹⁵ Overtime and holiday payments are not legally regulated. Some workers may receive overtime payment (around BDT 50/hour), and annual leave and public holiday payments are negotiated between employers and workers.



“There is no sitting arrangement [in the shop] so I lay down on the floor and work. There is no toilet either, so we go to Bihari camp to use the toilet, which is far from here.”

– Female worker, 18 years old, Mirpur

Infographic 3: Workforce and its conditions



Overall, the interviewed workers shared that the **income earned was barely enough to cover their basic livelihood needs** such as housing and food, with virtually no money left for medical expenses, school fees or personal emergencies. In case of any unforeseen expenses, families rely on loans from relatives, or when necessary, from local micro-credit organisations charging interest rates between 9-24%.



“100% of my income is spent on food and housing. My husband does not contribute to my family. We do not have any savings. Therefore, sometimes, I need to take advance from my owner. With our income, we can’t have good food and decent housing. We can’t visit a good doctor if we need one.”

– Female worker, 40 years old, JhutPotti

¹⁵ Workers typically start work at 8am and work 6.5 days a week with half-day on Friday for religious observance.

The limited income and the challenges this presents are particularly significant in the context of the high **inflation and rising cost of living**. In 2023, Bangladesh’s average inflation rate was 9.5%, which rose by 1.8 percentage points (7.7%) since 2022. The inflation rate for food items was over 9% for most months in 2023. Our respondents expressed that prices of some staple cooking items (for example, onions), have reportedly doubled in a few months, leaving the poor in a highly precarious situation. **Food purchases** often take up a significant portion of the family budget; the usual diet involves rice, dal, vegetables, and only occasionally small fish. For the majority of the workers, consumption of meat is reserved for special occasions, like Eid holidays. Some respondents were only able to afford meat once a month.

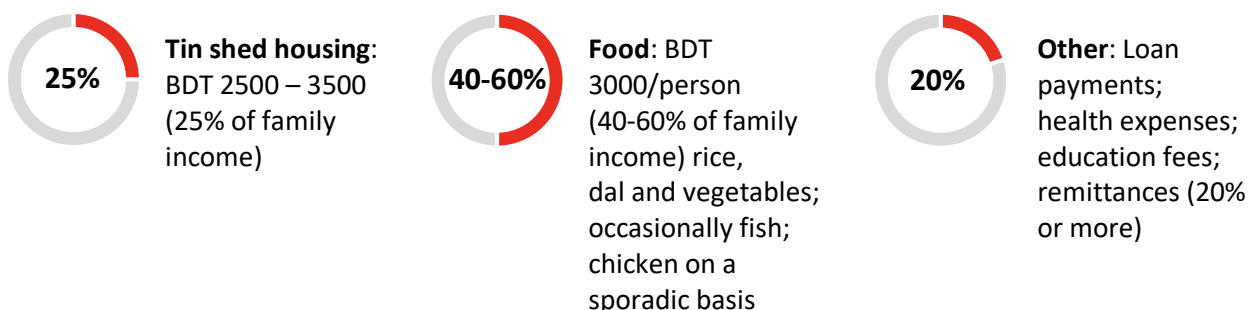
The limited income also means that the majority of the workers live in rented **tin-shed rooms** without electricity or access to clean water. Toilets and any available cooking spaces are usually shared between multiple families. The monthly cost of such housing, per room, usually amounts to BDT 2500 – 3500.



Tin-shed housing at Mirpur waste market
© The Centre for Child Rights and Business, 2024

The realities of such a threadbare existence are illustrated in the report; many workers invariably struggle to balance food and accommodation costs with other essential expenses on their monthly income. Few of those we interviewed were able to save money.

Infographic 4: The cost of living in practice



(Rising staple prices: onions BDT60 to BDT 180/kg over the last six months)

CASE 1: NASIMA, 35

Nasima works as a sewing machine operator in a small garments workshop in Konabari market. She lives with her husband and three sons (aged 18, 13 and 7) in a rented tinshed room. Nasima takes the youngest son with her to the factory floor due to a lack of better options. The family can afford to eat fish twice a week, and chicken twice a month.

Household income: BDT 16,000 or USD 145

Household expenses: BDT 14,500 including: rent 3,500; food 10,000; education 1,000



“Every day I bring my youngest son to the factory as I do not have any caregiver at home. Maybe the place is unsafe for this boy but I don’t have any alternative. My [shop] owner allows me to bring my son here.”

– Nasima

3.3.2. WORKING MOTHERS: LONG-TERM PRECARITY AND CYCLE OF POVERTY

Many of the **working mothers** we interviewed struggle to make ends meet and to provide for their children. Nearly all of those we interviewed have moved to the cities to escape poverty, but are barely able to afford food and rent, as the growing cost of living surpasses their wages. The constant sense of **precarity and deprivation** also means that families have no resources to cope with emergencies or family illnesses and that they struggle with debt. Consequently, families often send children to work to ensure basic family survival.

In this context, a number of child rights issues are further aggravated by a **lack of childcare services** that worker families could rely on. As the families migrate for work, most of the younger children are usually left behind in the home village under the care of their relatives. This leads to children being separated from their parents for a long period of time.

CASE 2: KAJOL, 18

Kajol is a jhut sorter at the Mirpur market, earning BDT 6,000 monthly. Her husband is an accountant and earns BDT 12,000. They have a 3-year-old son staying in the home village with Kajol’s mother, whom Kajol manages to visit twice a year. In addition to food and rent, they have to cover childcare expenses and payments for a loan, which the family took for medical expenses during the birth of Kajol’s son.

Household income: BDT 18,000 or USD 164

Household expenses: BDT 17,000 including: rent 3,500; food and medicine 6,500; childcare remittances 5,000; loan repayment 2,000

From our interviews, parents tend to move their children into the cities by the age of 12-13. This is because children are deemed old enough to start work and contribute to family income. In the case of younger children who live with their parents in the cities, mothers usually have no option but to take them along to work at the waste shops and workshops, considered to be the safest space available.

Overall, these challenges translate into a lack of conditions for safe development and frequently trap the families in a **cycle of poverty**. This problem is exacerbated further when working mothers are minors or just reached adulthood. In our study, we identified several working mothers who have few resources, and no support with childcare or education. With little means and assistance, their children usually drop out of school early and have few prospects beyond a range of low-paid, unskilled and unsafe jobs. The cycle continues when girls enter marriage at an early age, which further contributes to family vulnerability.

CASE EXAMPLE

Shikha (17 years old) is a sewing machine operator, working to provide for her son (1.5 years old) who remains with her mother in the home village. She makes BDT 8,500 (USD 77) and sends 5,000 to her mother each month. Her husband keeps the rest, and Shikha often doesn't have money to buy lunch. She doesn't have her own phone and is not able to call her son without her husband's permission. She has never gone to school.

Based on our interviews, typically a person on the waste market starts to work at the age of 13 and moves through various unskilled jobs – as sorters, shop assistants, cleaners, machine operators and porters – which provide neither security nor career prospects. As they reach their 40s and 50s, they struggle to survive on a salary that hasn't increased and is still comparable to what they made as child labourers.

CASE 3: TASLIMA, 52

Income BDT 6,000/USD 55; **Expenses** BDT 6,000

Taslina is a widow who sorts and sells jhut at a small shop earning BDT 6,000 monthly. She spends BDT 3,000 on rent and BDT 3,000 on food. She can afford to eat chicken once every six months.

Taslina suffers from "huge back pain" due to a dislocated backbone, but can't afford to see a doctor. She sometimes buys painkillers at a local pharmacy, but overall continues to work sitting on the ground in front of her shop. Taslima has previously worked in a garment workshop and as a cleaner in a bottle factory. She also worked as a maid in Oman for two years.

Health and safety

The most common health issues reported by the workers include back pain and respiratory illness. **Back problems** develop as the sorters work long hours sitting directly on the floor, and can become severe with age. Additional back injuries can develop among the porters, because of the frequent lifting of heavy weights. However, few of the workers can afford any treatment other than occasionally purchasing painkillers in a pharmacy.

Respiratory illnesses are caused by the constant presence of dust during the waste sorting process, and to which many workers are exposed without any protection. Many of the workers choose not to wear masks, due to heat, and work in small, closed spaces.

Often a **local pharmacy** serves as the only health provider for those with illnesses or injuries. For example, a small pharmacy shop in Konabari caters to local waste workers who usually spend BDT 300-400/month on painkillers and anti-inflammatory medicine. According to our interview:

- C** Most patients suffer from respiratory diseases, including chronic cough and asthma; allergies and skin problems.
- C** Workers also complain of fever spells, and at times lose consciousness due to physical exhaustion.
- C** In addition, the pharmacist treats needle injuries from sewing machines (1-2 cases monthly), including among children 8-10 years old.
- C** Workers currently spend as little as possible on medication due to rising food prices.



A waste sorter in front of a typical shop, Konabari
© The Centre for Child Rights and Business,

3.4. CHILD LABOUR

Children being present in the waste markets was a common sight. Our team observed **multiple cases of child labour** and corroborated its prevalence during interviews with workers and managers. Several factors identified throughout our research contributed to this:

- C** In the informal setting, there was no oversight into labour conditions and compliance with legal regulations. In practice, children's presence and employment were accepted as a means **for families to make ends meet**.
- C** The **lack of childcare support** meant that working mothers had little choice but to bring their children to work, where they were likely to be safer. Those aged above 8 often started to help their mothers while at work.
- C** There is a **strong incentive for children to work** in the unskilled work environment because they can effectively make a wage comparable to that of an adult waste sorter/shop assistant (e.g. BDT 5-6,000 as compared to BDT 7-8,000 for an adult female worker). Lastly, workers' lack of confidence that pursuing higher education will indeed lead to better work opportunities often results in parents having little resistance to child labour.

Child labour often involves a story of family hardship. The family becomes more vulnerable when the main breadwinner falls ill or dies, leaving no choice but for the child to start working. However, in a situation of constant deprivation, parents might also pressure their children to drop out of school early and contribute to the family budget – where a full-time wage might make a significant difference. Several of the children we interviewed, who were engaged in child labour, had to stop their education by the age of 12-13 to join their parents in the city for work.



“I started to work when I was 13 years old, in a welding factory. I then worked as a truck helper for two years, and then in a garment finishing workshop. Now I work in a shop [as a polyester sorter], but I don’t like this job because I have to handle dirty poly and always sit on the ground. One of my colleagues is a child, he found a job here after his parents died.”

– Male worker, 23 years old, Mirpur

While financial hardship plays a key role in interrupted schooling, our interviews revealed that many of the families also had limited confidence about the potential returns from continuing education. Part of this is related to the uneven quality of teaching in public schools, and the type of resources commonly needed to support children’s learning. Local children attending public (and at times, private) schools usually rely on private tutors for additional support. However, private tutoring is beyond the reach of migrant waste workers.

With limited resources to support further learning, many workers’ families felt sceptical about their children’s prospects. Beyond success in education, families were uncertain about further career opportunities – for example, citing high youth unemployment to emphasise their doubts about whether additional education would lead to well-paid employment.

Support in children's education

The quality of available education, lack of additional resources to support learning, and scepticism about long-term prospects all further contributed to decisions about discontinuing education.

We visited two primary schools that were founded by local community members (in Jalkuri) and organisations such as YWCA (in Mirpur). These schools aim to provide quality education for poor children in the community. The tuition is kept at a minimum (BDT 100-300 /month). The student dropout rate is reported to be close to none. These institutions provide a viable opportunity for workers' families, but they usually do not offer schooling beyond junior middle school.



The child workers in the textile waste sector

Unskilled work and financial incentive: due to the nature of the work, a child can earn an income close to that of an adult (BDT 4,000-6,000/USD 36-55)

Tasks commonly carried out by children: textile/waste sorter, shop assistant, garment workshop (e.g. sewing machine operator); loading and unloading goods



Anisha (15 years old) works as an assistant in a small garments workshop in Konabari, where she earns BDT 5500 per month. Her job was arranged through one of her relatives after her parents demanded she drop out of school and move to the city to support them with additional income. She works 12-hour days but still hopes to return home to be able to continue her schooling.



“I completed Grade 10 in my village school, but six months ago my father forced me to stop studying and to start this job. My stepmother also does not allow me to study... I hope that in one year we’ll go back to the village and I can enrol in school again.”

– Anisha, 15 yrs, workshop assistant

Hasibul (11 years old) is a Bihari boy living with his parents in the camp adjacent to the Mirpur waste market. After his father fell ill, the boy was asked by his mother to support the family. He now works as a shop assistant in a business owned by a relative, earning BDT 3,500. He used to study in a village school, completing Grade 3, and later in a madrasah in Dhaka, but he did not like it and is no longer interested in studying.



Yasin (12 years old) completed Grade 6 in his village but then fell in with bad company and his uncle decided to bring him to Dhaka. He now collects, sorts and loads/unloads polyester waste, a job he considers both dirty and dangerous. However, he feels well taken care of by his uncle. He earns BDT 8,500 and pays roughly 4,500 for food and rent.



“Loading and unloading [waste] is difficult for me even though I do not carry heavy weights. As I segregate dirty poly I also inhale dust, this is a problem.”

– Yasin, 12 yrs, sorts and carries waste

Musfiqur (13 years old) is the family’s only breadwinner. His father died from a snakebite and his mother is ill, so one year ago a job was arranged for him at a cousin’s polyester shop. He earns BDT 6,000 helping the owner to collect polyester from the warehouse and assisting with sales at the shop. Musfiqur completed Grade 5 in his village school but said he’s not interested in studying anything and does not want to go to school again.



“My father died from a snakebite three years ago. My mother is sick. I have two sisters. I am the only income earner of my family. I give all the money to my mother for food and other expenses.”

– Musfiqur, 13 yrs, polyester shop worker]



Riyad (13 years old) is a sewing machine operator at a small garment factory. He started to work as an assistant two years prior and currently earns BDT 4500. His family is in debt, paying off a BDT 300,000 loan to pay for his father’s treatment for kidney disease.

3.5. BUSINESS OWNERS: ONE RUNG UP ON THE PRECARIETY LADDER

Many respondents saw running one's waste shop as a key path to greater income and upward mobility. However, the reality can fall short. The majority of the interviewed shop owners and managers interviewed struggled to make a profit, and were merely aiming to break even. Furthermore, seven out of 29 interviewed business owners admitted to running on debt and taking out loans to stay afloat. One of the workshop owners in Konabari shared that he had to take a loan of BDT 1.2 million due to growing business costs. A few years ago, he could buy a kilogram of waste material for BDT 60; now the price was up to BDT 150.



"It is extremely difficult to make a profit now compared to previous years."

– Konabari workshop owner

In addition to combating the rising inflation rates, the shop owners have been hit hard by the impacts of COVID-19. During the height of the pandemic, over 348 garment shops were closed down.¹⁶ A sharp decrease in global textile orders meant there was less waste to process. Respondents repeatedly described their business situation as "terrible." Despite Bangladesh slowly recovering to moderate levels, the waste shops run on very thin profit margins and their income depends on access to and volume of processed goods.



"Before 2008 our business was booming... A lot of garments workers are now pulling rickshaws because they make more money from pulling rickshaws than working in factories."

– Mirpur waste shop owner



"If back in 2019, we could sell 100 tons of goods a year, then this year we were only able to sell 6 tons. We've lost BDT 800,000 this year."

– Jalkuri jhut shop owner]

The tight business environment has been exacerbated by corruption. A warehouse owner in one of the waste markets estimated that in addition to labour costs and rent, which is 60% of the operating expenses, he shouldered "additional costs to pay bribes, or "speed money" to local politicians and police commissioners. The challenges of corruption are discussed in greater detail in the next section.

¹⁶ Sharif H and Shah A. 2022. "Impacts of COVID-19 on the Garment Sector of Bangladesh", American Journal of Industrial and Business Management, Vol.12 No.3.

Microcredit and small businesses

Bangladesh has one of the largest microfinance sectors, with over 750 active MFIs serving 35.6 million individual borrowers collectively.¹⁷ Despite microfinance being a critical support for micro businesses, the recent inflationary pressure is causing a rapid increase in interest rates. One of the respondents shared that a local organisation provides microcredit to microentrepreneurs and businesses including waste and garment shop owners. For a 12-month loan period, the interest rate is approximately 24% and the small loan amount can range from BDT 15,000 – 100,000. However, some loans can be greater than BDT 1 million.

There are two sides to the coin of microfinance. The purpose of these loans is to alleviate poverty and we did hear of success stories where rickshaw pullers who took microcredit loans have gone on to become shop owners over the years. However, there are also families caught in a poverty trap, as they need to take out loans for basic necessities such as medical expenses or to purchase land back in their home village.

Examples of local shops

Mirpur: small jhut sorting shop

A husband and wife are running a small shop purchasing jhut to sort and re-sell to local spinning mills in the Konabari market. They have been in business for the past three years, and took a loan of BDT 60,000 to open their shop. Their children work in local garment factories. Their monthly transaction is 30-50 tons with BDT 36,000-48,000, but they don't turn any profit other than managing their family expenses.

Konabari: a small spinning mill

The mill employs 12 workers to sort and shred jhut for the production of recycled yarn. They sell 90% of their product to a buyer in India and the rest to the local market. The business volume used to be 40 tonnes/month, but is now down to 30 tonnes as the costs of raw materials rose by a third. The business was forced to take a loan from a local microcredit institution to keep its operations.



Workers at a small spinning mill
© The Centre for Child Rights and Business, 2024

¹⁷ Asian Development Bank. *Microenterprise Financing and Credit Enhancement Project: Report and Recommendation of the President*, October 2022
<https://www.adb.org/projects/documents/ban-51269-003-rrp>

Konabari: garments workshop

A local workshop in Konabari sources and sorts textile waste to use as raw materials in the production of t-shirts. The business employs 28 workers and sells about 10,000-15,000 t-shirts per month. In the current business environment, the workshop makes almost no profit.



Small t-shirt workshop
© The Centre for Child Rights and Business, 2024

4. CONCLUSIONS

Textile waste recycling is a large **informal economy sector that provides crucial support to the ready-made garments industry** in Bangladesh. Due to limited processing capacity a range of textile waste, polyester and accessories are currently sorted and cleaned by hand, and shredded with the assistance of crude machinery in a myriad of micro-workshops employing migrant workers at subsistence wages.

The **informality and poverty** involved in the waste market operations are crucial to understanding a range of child rights challenges identified by this study. As a result of the informality, the laws and policies regulating minimum age, working hours and tasks performed by children are effectively not applied within the grey zone of waste recycling.

A significant investment into in-house recycling capacity is needed to regulate the textile waste market. In addition, the following areas were identified as key challenges contributing to long-term vulnerability, effectively trapping the workers and their children into a cycle of poverty:

Lack of adequate wages, which leads to family precarity and lack of resilience against potential shock events – directly contributing to child labour. While the waste markets are a source of livelihood, it is a precarious one, offering little beyond a progression of dead-end jobs.

Lack of childcare support, which means that small children are either left behind in the home village, or have to accompany their mothers to work where they frequently start helping out with sorting and cleaning waste (usually at 8-years-old).

Commonplace/systematic child labour, is driven by poverty and demand for unskilled, manual work, which means that a child engaging in child labour can often earn a salary comparable to an adult. This creates a strong incentive for struggling families to put their children to work.

Limited education support: While there are community-run schools in the waste markets, most migrant families have limited incentive to continue their children’s learning past grades 5-8. Faced with limited resources and poverty, children are instead asked to drop out of school and start working, usually by the age of 12-13.

Child brides: Girls are additionally vulnerable as early marriage is common. We spoke to a number of women who dropped out of school and became mothers by the age of 14-15, following which they took up low-paid dead-end work to support their families.

The conditions of the informal workforce discussed in this report underscore the responsibility of the garment industry for its entire value chain, including the challenges present among the upstream and downstream supply-chain actors. In practice, some international brands operating in Bangladesh are prone to importing their recycled waste and/or yarn rather than sourcing it locally due to concerns over ethical compliance issues. However, some studies have shown that waste imported from abroad – for example, India, a major regional player in textile waste recycling – can be just as problematic.¹⁸ In light of a growing emphasis on corporate due diligence¹⁹, the current industry focus on reputation and risk management is likely to be insufficient for ensuring a sustainable operation. However, a significant scope exists for constructive engagement and support of the informal recycling sector.

5. RECOMMENDATIONS FOR COMPANIES: GUIDELINES FOR ENGAGEMENT

Flexible supply chains with complex outsourcing processes are here to stay. It is increasingly essential for businesses to manage the challenges of their business operations – especially as the role of the informal economy and its ties to supply chains become part of policymaking and conversations on risk and sustainability.

Despite the challenges of applying a formal compliance framework to address the issues in the informal economy, we recommend adopting a long-term strategy focused on building commitment, transparency and gradual problem-solving relevant to the sourcing environment. The guidelines below outline the key steps, aligned with the UN Guiding Principles on Business and Human Rights and the OECD Due Diligence Guidance for Responsible Business Conduct, for engaging with the informal economy context and for developing solutions that can work in parallel/in tandem to a case-based first-tier compliance framework, allowing for progress on addressing the root causes of child right challenges.

1: Acknowledge the informality in value chains and commit to support – embedding it into policies and management systems

According to international standards businesses must respect human rights, and assess actual and potential adverse impacts across their own operations, supply chain, and other business relationships. This requires companies to have a clear policy commitment and long-term engagement on children’s rights and human rights down to the last tier of their supply chain, with a strategy spelled-out in relevant sustainability and policy documents, supplier contracts, codes of conduct and reporting

¹⁸ Arisa and Sympany, 2020. Textile Recycling Unraveled: Exploring Post- and Pre-consumer Textile Recycling Value Chains in Panipat, India.

¹⁹ This includes both the tools, such as OECD Due Diligence Guidance for Responsible Business Conduct; and legal requirements, such as those included in the recent EU Corporate Sustainability Due Dilligence Directive.

metrics. The strategy should be communicated to all relevant stakeholders, to provide a foundation for a direction and accountability across all departments (i.e. both sustainability and procurement teams).

2: Within the due diligence process, identify and assess the ties to informal economy and relevant challenges

Companies should prepare a baseline for engagement through detailed mapping of its suppliers, which accounts for all declared and potential outsourcing and gives a clear picture of connections with the informal support economy. The goal is to account for as much of the undeclared/informal support services as possible. This requires a greater understanding of the role of the local sourcing communities, their challenges and the support needed.

During the assessment, clearly identify issues which come under oversight of company policies and issues linked to business operations. For example, the welfare of employees of waste disposal contractors should follow textile manufacturers' responsible sourcing guidelines. In turn, the welfare waste sorters in waste shops are linked to how manufacturers treat their textile waste. The assessments should also include the gaps of companies' policies in meeting international standards.

3: Cease, prevent or mitigate adverse impacts through the establishment of benchmarks

Develop a corrective action plan based on the findings from the assessment. Similar to child labour prevention and remediation guidelines in the formal Tier 1 and Tier 2 operations, companies need to cease any adverse impact of its operations on informal workers in the textile waste supply chain. For example, how can the company improve their production methods and waste management to avoid causing health hazards to textile waste workers?

4: Track implementation and communicate results to local and international stakeholders

Develop a robust mechanism to allow for regular assessment of the action taken, including a combination of supplier audits and community-based consultation. This will allow to track progress on implementation of mid- and long-term objectives and to increase transparency. The results should be communicated on an annual basis through sustainability reporting. Additional feedback can be gathered through engagement with business working groups focused on the just transition and circularity agenda.

5: Promote more responsible business conduct through a long-term investment strategy aimed at formalisation of the recycling industry

Bangladesh is one of the largest textile waste producers, yet it lacks the talent, technology and infrastructure to turn textile waste into high-quality recycled fibre. Investments are needed to address the sustainability of the textile waste market in Bangladesh. Instead of eliminating industrial textile waste from the supply chain, companies can take accountability for its waste. This can ensure that high-quality textile waste can be used for recycling garments. A key area is investing in recycling technology and infrastructure. Such investments can support the circularity of the garment industry and reduce Bangladesh's heavy reliance on the importation of textile materials.

6. Work with community support organisations to address the root causes of child rights risks and systemic issues in waste markets, and address issues related to access to remedy

The textile waste communities are inevitably directly or indirectly linked to textile manufacturers. Hence, company could collaborate with community support organisations to help lifting the vulnerable groups out of poverty in the surrounding areas. This could mean progressive

improvements of waste-workers/community livelihoods, with an emphasis on nutrition, childcare support and education/upskilling (e.g. youth development with a focus on apprenticeship/small business development), and to reduce the vulnerability that traps families in the cycle of poverty. Overall, this tiered engagement will provide clear and realistic expectations for lower-tier suppliers and informal services, provide the basis support of the communities, and help to engage key local and international stakeholders.

If there are identified impacts cause by the company's operations it is important to remember the responsibility to address such impacts by providing for or cooperate in ensuring access to remedy for any victims. This includes consulting and engaging with the impacted rightsholders and their representatives, and making sure that there are legitimate remediation mechanisms available.



Machinery used to process cotton waste
© The Centre for Child Rights and Business, 2024

6. APPENDICES

APPENDIX I. DETAILED RESEARCH BACKGROUND

Research into informal waste recycling and the potential impact of recycling value chains on children's rights began with a desktop review, submitted to UNICEF in April 2023, which identified challenges related to informality, poverty and workforce vulnerability. Following this, several countries were suggested for more in-depth field research and analysis, and based on a range of criteria such as accessibility and relevance, the decision was reached with UNICEF to conduct a study on recycling in Bangladesh's textile industry – a rapidly growing, dynamic sector with large informal workforce, limited waste processing capacity, and potential child rights challenges.

The decision to focus on informal textile waste markets was motivated by the limited waste processing capacity in Bangladesh, and the essential role that support of the informal industry plays in the growing recycling sector. The research took place between November and December 2023, across four such markets, briefly described below. Since the garments industry first developed in Dhaka, the oldest waste markets (Mirpur Jhutpotti) are located in the capital. As the industry grew and factories moved into the nearby cities, the recycling industry followed, with markets established in Gazipur (Konabari, currently the largest waste market) and in Narayanganj (Jalkuri market).

- C Mirpur Jhutpotti:** the oldest textile recycling market in Bangladesh, Mirpur Jhutpotti has approximately 500-1,000 shops specialising in a wide range of recycled products including jhut, cut-piece fabrics, accessories, yarn, cardboard, and polyester bags. Mirpur is also located near a large Bihari community, a marginalised Urdu-speaking minority, which makes up a part of its workforce.
- C Konabari:** Located in Gazipur, Konabari is among the largest textile waste markets with over 2,000 shops specialising in jhut and cut-piece fabrics.
- C Jalkuri:** Located in Narayanganj, the market holds approximately 500 shops dealing with only jhut and cut-piece fabrics. This said, many of the shops in Jalkuri are relatively larger in size compared to both the Mirpur and Konabari markets.
- C Puran Dhaka:** Puran Dhaka market specialises in recycling polyester and making plastic granules and other plastic products. It is noteworthy that part of the market specialises in manufacturing packaging (for garment factories) made from imported virgin plastic from the Middle East – contrary to the efforts to grow the plastic recycling industry, but in response to clear market demand.

It should be noted, that the markets in all these locations are interconnected. As each market absorbs the waste materials from the garment factories in their respective locations, the buyers tend to move between different locations as they source and re-sell processed waste. A detailed overview of the value chain and its actors is presented below.

APPENDIX II. RESEARCH SAMPLE BREAKDOWN

The study was qualitative in nature, engaging a total of 92 respondents through a combination of 74 semi-structured interviews and four focus group discussions.

In-depth interviews were conducted with waste business owners, workers, community and business stakeholders, and children. In addition, four **focus group discussions (FGD)** were conducted with a total of 18 respondents, which included migrant and minority waste workers, community health centre staff and school children.

The 11 **community stakeholder interviews** included grassroots association leaders, school principals, local advocacy and micro-credit organisations, as well as shop owners (two pharmacies, a tea stall owner and a grocer). In addition, business stakeholder interviews included international buyers, recycling factories and UNIDO experts.

An overview of the research sample is included below:

	Research sample
Waste business owners/managers	29
Workers	20
Community stakeholders	11
Children engaged in child labour	9
Business stakeholders	5
Focus group discussions	4

APPENDIX III. BACKGROUND ON CHILD LABOUR IN BANGLADESH AND KEY POLICIES IN FORCE

Bangladesh has ratified all key conventions relevant to addressing child labour, beginning with the UN Convention on the Rights of the Child in 1990, and the ILO Convention No. 182 on worst forms of child labour in 2001. In 2022, Bangladesh also ratified ILO convention 138 on the minimum age for employment.

The key domestic laws regulating children’s work and addressing child labour include the Bangladesh Labor Act (2006), the National Child Labour Elimination Policy (2010), Children Act (2013) and Nation Plan of Action to Eliminate Child Labour (2021-2025). In 2022, Bangladesh added waste management and informal garment production to the list of hazardous jobs prohibited for children. In the same year, the Ministry of Labour and Employment (MoLE) and the Department of Inspection for Factories and Establishment (DIFE) signed an agreement with UNICEF to eliminate child labour in the country through programming, capacity building and policy reforms.

In one example of ongoing cooperation, in January 2024, UNICEF launched a capacity-building programme for all ministries, NGOs and other stakeholders involved in implementing the National Plan of Action to Eliminate Child Labour. The programme enhanced the understanding of all ministries on child rights, child protection and child labour, and their roles in eliminating child labour. It also discussed ways that different stakeholders can work collectively on the topic.

However, despite these efforts, child labour remains a significant challenge across the labour market.

The capacity to enforce the regulations remains severely limited (e.g. Bangladesh currently employs 400 labour inspectors, for a workforce of over 74 million) and the referring mechanism for identified child labour cases is insufficient (US DOL, 2023). According to the latest data, out of 39 million children in Bangladesh, close to 1.8 million are in child labour and over 1 million of those are in hazardous labour. Over 90% of child labour in Bangladesh occurs in the informal sector (NCLS, 2022). Our research in the textile waste markets shows, among others, the lack of capacity to enforce and police the legal regulations meant to safeguard children's development.

