

# Scrap Crash!

What the crash in prices of scrap means for wastepickers and other recyclers



**CHINTAN**  
ENVIRONMENTAL RESEARCH  
AND ACTION GROUP

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## Study Team

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## About Chintan

Chintan is an India based non-profit organization that works on urban sustainability and environmental justice.

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## i Why this study?

When the economic downturn nosedived in the second half of 2008, the talk was primarily about macro-economic trends, causes and impacts in the formal economy. In India, where over 90% of the livelihoods lie in the informal sector, it was however unclear what the specific impacts were. We already knew that several policies—Special Economic Zones that displaced people from their land, urban planning that was not inclusive of their needs and an inadequate social security system for them—were adversely impacting workers in the informal sector. Did the recession significantly impact the informal sector? If so, how? What were the recyclers' own responses?

Chintan sought answers to these questions in the context of waste recyclers, a group with which we work closely and understand. We knew that when the commodities prices crashed, a scrap crash would follow, because scrap, or discards, frequently substitute for raw materials. We were also curious about the extent to which different scrap materials would be impacted. Our hypothesis was that materials recycled locally and used in small industries would be less impacted. Materials that were part of the global trade circuits, such as metals, would be worst impacted.

In all this, we were also aware that the situation in the area was already complicated. Large scale remodeling of Delhi was already underway-- in large part connected to the Commonwealth Games, to be hosted in Delhi in 2010—destroying many small waste dealers' shops, thus making it difficult for them to buy or store discards. The homes of many more waste pickers and dealers were also razed during several slum demolition drives, making it that much harder to reach the city centres and work. An accompanying stigma about the nature of their work also made them less desirable in the city, an additional burden they carried. This typically impacts the willingness of policy makers to plan for them.

And finally, privatization of waste services also impacted their access to waste. Therefore, the challenges were related to access to recyclable materials, directly or indirectly. The scrap crash added an entirely new dimension—the value of materials that were accessed. This is what we wanted to explore.

Our interest in this phenomenon was manifold. First, we wanted to understand the vulnerability and the existing levels of defence against large scale 'economic disasters', such as this, within the informal sector. Second, we wanted to use our data to build up the economic defence of this sector and more strategically—create, if it was possible, an immunity booster. Third, we were curious about the coping strategies of people in this sector. How, for example, would they call into play various kinds of social networks to tide this period? We expected that this understanding would also help us build foundations to reduce their vulnerability.

We studied the situation in and around Delhi, a terrain we are familiar with and where we knew the impacts of privatization of waste handling. We were therefore able to distinguish between these and the impacts that were our focus in this study.

We would have liked to undertake a much wider study, but we lacked the resources. The entire study was based on voluntary time donated by the Chintan staff. However, should anyone else want to undertake similar studies, we are happy to share the questionnaires and more details. We only request that you share the results with us.

**Bharati Chaturvedi,**  
*Director*  
March 2009

## ii Executive Summary

This report is based on a study of 103 waste recyclers. It shows that the sector has been impacted by the crash in prices of scrap. The crash is shown in the table below:

S.No	Discard Type	Decrease in Price from April to December 2008 (%)
1	PET	40.8
2	Hard Plastic	37.6
3	Soft Plastic	36.7
4	Card Board	26.7
5	Paper	37.3
6	Metals	41.9
7	Glass	00.0
8	Rubber	00.0

Some of the main impacts are summarized here:

### Perceptions of the Sector:

- Of those interviewed, 70% stated that their work was bad or very bad.
- Of these, 14% identified the drop in share prices as a cause of the price crash.

### Liquidation of Assets:

- The study revealed that wastepickers were being forced to liquidate their assets, including those kept aside for emergencies.
- Many wastepickers stored the copper they found instead of selling it immediately. They usually sell it in bulk, when they require additional money. During this period, many of them were forced to sell the collected copper, and at significantly lower prices.
- Waste recyclers of all kinds send back money to their families in the village. Many of them could not do this, on account of their reduced income. Some of them reported that their families had to sell off the grain they had stored as security, thereby also liquidating rural assets.

### Impact on Livelihood:

- Unexpectedly, only 1% of those interviewed were planning a shift in profession. Over 60% stated that they were not looking for a change.
- Two-thirds, or 66% of the recyclers interviewed were not doing anything to enhance their income. A few reported working longer hours, or making second trips to scavenge.
- A few women mentioned that they had begun working as maids in nearby areas, as it ensured steady income.
- Those in upgraded waste handling occupations, such as waste collection from the doorstep, had even less flexibility than itinerant waste pickers and could not add a second trip or more waste to their daily work. This shows the need to examine and reduce the risks associated with loss of flexibility.

- After it was clear that the earnings from wastepicking had reduced substantially, a few wastepickers from Eastern Uttar Pradesh returned to their village and began to work as part of the local NREGA (National Rural Employment Guarantee Scheme), which provides one hundred days of guaranteed wage employment in the financial year to every household whose adult members volunteer to do unskilled manual work.<sup>1</sup>
- In one area where electronic waste recycling was an important occupation, workers in the informal units have lost their jobs and taken to driving auto-rickshaws for local transportation. They are able to earn minimum wages.

### Impact on Children:

Children served as indicators of the depth of the crisis on households. The chief impacts observed were:

- There were no school dropouts reported. However, many children left school or their classes earlier to work with their parents. This could reflect a bias as Chintan only interviewed children from within its pool of 600 students associated with its No Child in Trash Programme. However, this was a conscious part of the methodology.
- Eighty percent of the families interviewed had cut down on luxury foods, which they defined as milk, meat and fruit. Approximately 41% of them had stopped purchasing milk entirely. This change impacted children most of all. In particular, the girl child is likely to have been the worst impacted.

### Addressing the Situation:

The situation must be addressed in the present and the future. The present and immediate responses should include access to subsidized food schemes for all wastepickers and itinerant buyers.

The future should include policies that take into consideration the role of the informal recycling sector and are designed to cater to its needs as well. These include urban planning, waste management programmes that privilege waste pickers' groups and improved social security.

<sup>1</sup> From <http://nrega.nic.in/>. See the site for more details on this scheme.

## iii Methodology

The objective of the study was to understand how the scrap crash impacted waste recyclers in and around Delhi. Based on our existing understanding and preliminary discussions with waste recyclers, we selected a few key areas to explore. These are impact on employment, impact on children and the severity of coping mechanisms. The study was therefore designed to elicit responses that would help us understand the question at hand within this framework.

An added interest in Delhi was because it is known to be one of the biggest recycling centres in India. While recycling units within the city of Delhi reprocess over 2500 tons of plastic waste every day, the areas around Delhi reprocess paper, glass and cardboard. Metals are reprocessed both in this neighborhood as well as in more far away cities. Therefore, Delhi was an important city to study in the time of the crash.

The study was carried out in and around Delhi, in known sample areas, using a random sampling method. Interview sites were identified in various parts of Delhi, in order to reflect the diversity of the informal sector and to minimize bias from specific geographical or cultural trends. Within these sample areas, surveys were administered to men and women, working both in the organized doorstep waste collectors and freewheeling waste pickers and traders.

Chintan interviewed children from within its own pool of 600 young people who access its education facilities through its No Child in Trash Programme. Since access to information about wastepicker or former wastepicker children in schools was almost impossible, and interviewing wastepickers from amongst wastepicker and non-wastepicker children in this and other settings could have resulted in sparking off discrimination, Chintan turned to its own learning centres. This was done deliberately, because Chintan was using mini-indicators such as dropping out of school to measure impact. This is likely to have added a bias in the study, which we acknowledge.

In all, 103 adults and children were interviewed, three more than the sample size of 100. We decided to pick 100 persons, and not the conventional 33 persons for a large sample size, as we wanted to interview the maximum possible people for this study. Our limitation, however, was that we had to interview these persons within the same time frame of between December 20th 2008 and January 10th 2009. This was vital as the scrap prices shift frequently and could impact the responses.

The questionnaire was designed to be able to collect qualitative and quantitative data. It therefore had some interview-based questions. Key informant interviews were conducted later, to tease out specific complexities. These key informants were identified based on the outcomes of the interviews. The questionnaire had already been piloted with 9 respondents and improved as required. The interviewers were trained to ask the questions in exactly the same way and without prompting. All the interviewers were part of Chintan and therefore already understood many basic issues related to waste. This enabled us to ask not only more questions but also ask follow up questions. One part of the methodology was for the team to meet periodically to discuss their observations and record these, analyze their data and share it with each other. This helped them make sense of their experiences, share knowledge that

was not part of the questionnaire and suggest a wider number of follow up questions to specific questions in the questionnaire.

*Waste recycler* is a generic term Chintan uses to describe the entire pyramid of informal sector recyclers. We use it because in India, a long trade chain marks the informal recycling system, and reprocessors are not only on top of this trade chain, but also dependant on it. Hence, recycling in the Indian context must include not only reprocessing but also the trade chain per se. Hence, while this study primarily describes the situation at the level of wastepickers, it refers to them as waste recyclers. Moreover, in case it refers to other sections, it specifies these. Please see Appendix B for an overview of the sector.

## iv The Results

### The Slump in Scrap Prices

There has been a slump in the price of commodities from the third quarter of 2008, resulting in a near crash in the prices of scrap. A market survey of waste pickers, waste dealers and some larger dealers confirm this.

The following table shows the decrease in selling prices of various scrap items at the level of wastepicker.

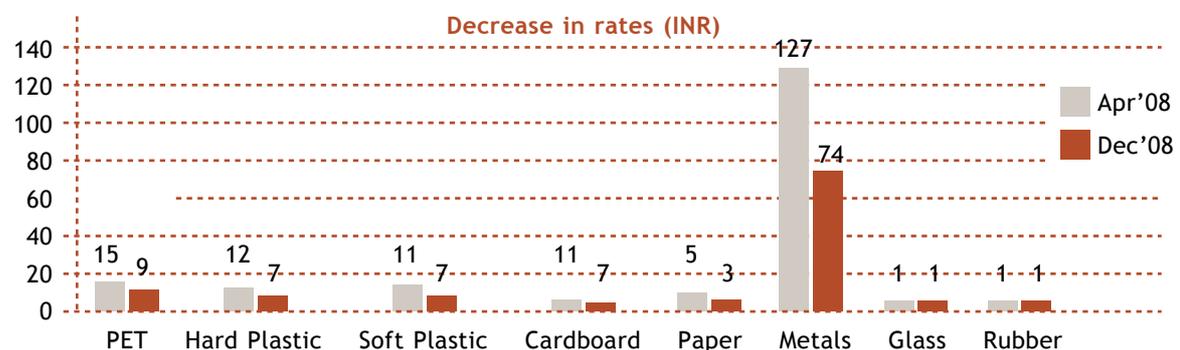
Table 1: Percentage of Decrease in the Selling Price of Various Waste Items at the Wastepicker Level (In Indian Rupees)

S.No	Discard Type	Selling Price		Decrease in Price	Decrease in Price from April to December 2008 (%)
		Apr'08	Dec'08		
1	PET	15	9	6	40.8
2	Hard Plastic	12	7	4	37.6
3	Soft Plastic	11	7	4	36.7
4	Card Board	5	3	1	26.7
5	Paper	11	7	4	37.3
6	Metals	127	74	53	41.9
7	Glass	1	1	0	00.0
8	Rubber	1	1	0	00.0

This slump was not only experienced in India, but was a global phenomenon. Reports from countries as far as Brazil and China have shared this same trend. However, in some parts of East Europe, there were no such trends, suggesting a scrap economy that was relatively local in nature. In the case of glass and rubber, both the levels of recycling and the prices remained unaffected. This is most likely due to the local and low-volume recycling of these materials.

Diagram 1: Comparative Decrease in the Selling Price of Various Waste Items at the Wastepicker Level (In Indian Rupees)

The following diagram compares the price in April 2008 and December 2008. The prices of glass and rubber remain unchanged. A possible reason for this is that the trade is local and hence, untouched by the global depression.



## Impact on Waste Recyclers

The survey supported our hypothesis that the slump in scrap prices had a deleterious impact on wastepickers across the board. These impacts were both on direct earnings and therefore, living conditions and impacted social relations. There is no doubt that the crash increased the livelihood insecurity, already threatened by other factors such as privatization, lack of land for the recycling trade, re-zoning and faulty urban planning and public perceptions. The present section details the impact of the crash on the livelihood security of the waste recyclers in and around Delhi.

The waste recyclers themselves observed deterioration in their work. Over 70% of them reported that work was very bad or bad. Over 71% of them observed that the quality and amount of waste they picked up or sold remained the same, but the prices had meanwhile crashed.

Most of the wastepickers and small waste traders were unsure of the reasons for this drop in prices. Approximately 15% of them attributed the drop to mass imports of waste into India<sup>2</sup>. Almost 14% of them attributed it to a drop in share prices, directly linking the current economic crisis and their situation.

**Chintan's most significant findings are as follows:**

### A. Liquidation of Assets

Waste recyclers and their families depend on a wide range of small assets to tide over times when earnings are low or there is the need for additional finances. This study showed that many of them were forced to liquidate these assets.

There were at least 10 cases of wastepickers and small waste traders detailing this. They typically store the copper that they collect, predominantly in small amounts as PVC coated copper electric wires, discarded during electrical repairs. Since copper prices are always amongst the highest of all the materials they find, and it is easy to store, they sell it when they require more money. The collected scrap is then stored as an asset and sold when additional funds are required. Such assets became significantly devalued, by as much as 40% during this crisis. Yet, many wastepickers were forced to sell them at any price in order to raise additional earnings to run the household.

Another liquidation of assets linked with this took place in the rural hinterland. Almost all wastepickers reported a decline in remittances sent home. Some of them ceased to send home anything during the peak festival season of Diwali and Id. Therefore, their families also experienced a decline in family income. One reported outcome of this was the need to sell surplus grain, usually stored for emergency needs or special occasions. Selling of grain is not only a means of raising cash, but a source of humiliation for the urban recycler, straining his relationship with other family members and possibly, reducing their social capital during a crisis.

### B. Alternate Employment

Chintan assumed that many wastepickers and smaller traders would have left the work of waste recycling on account of the crash. We also assumed that over 50% of them would have begun planning their alternative occupations. Our study proved our assumptions to be incorrect.

Only 1% of the respondents said they were changing occupations. Sixty percent denied that they had plans to shift to any other occupation. Two thirds, or 66% of the waste recyclers we interviewed had done nothing tangible to increase their income. Only 7% reported working harder. These persons explained that instead of looking for waste from a given area for 3 hours, they would put in 4 to 5 hours. Some of them also reported going out twice a day to look for waste, including at night, despite the cold.

<sup>2</sup> In the past, it has been possible to make a direct link between import of specific scrap items and a fall in price for local scrap of the same type. This is because reprocessing units have limited, inelastic capacity that is fulfilled by imported waste, which is supplied in bulk, and often is seen as 'cleaner' and better quality, particularly in the case of paper and plastics. Many waste recyclers have experienced this directly in the past and therefore extend it to this occasion as well.

Forty-one percent of them also stated that other wastepickers were also not doing anything to augment their income. Only 19% of them mentioned that other wastepickers were selling their labour in the market to increase their income. All the women interviewed were considering shifting to working as domestic help, due to the steadier wages in the sector. At least 3 women had already found such work through word of mouth, indicating that despite competition from existing domestic help and the stigma of their work as wastepickers, they were able to use social networks to create new opportunities for themselves. Some women also mentioned that if the crisis continued, they would have to turn to their children to supplement the household income.

Of all the wastepickers, those in 'improved' occupations suffered from the greatest financial losses. These included persons organized to undertake waste collection from the doorstep for which they charged a service fees. Such waste collectors were not able to exercise the flexibility shown by their peers and work harder (such as pick waste twice instead of once a day). In one case, a doorstep waste collector, earlier a wastepicker opened a small scrap shop after saving several thousand rupees for over two years. He was forced to close it down due to the falling prices and re-entered Chintan's doorstep waste collection team. He believed that while doorstep waste collection-a formal service provided as part of a contracted micro-enterprise-was clearly less profitable than picking up waste in these adverse conditions, he did not want to pick up waste, as the social ramifications of such a fall in status would be hard for him to bear. He opted for financial hardship which he believed would end rather than social degradation, which would be harder to erase.

This also suggested that there might be an unforeseen risk in formalizing occupations, related to reducing flexibility in sources of earning and reduction of their resource base. Some ways to address these uncertainties are outlined in the concluding section.

In general, many small waste traders appear to have shut shop and be badly hit. Chintan observed several such instances outside the sample and after our survey was concluded. A random sample survey outside Delhi, in Haridwar, in the foothills of the Himalayas, showed that over 50% of the small waste traders were forced to close down due to this crisis. This was not part of the study and is not reflected in this report.

An unexpected, but interesting , trend from a single pocket of Delhi was of wastepickers registering themselves in their village under the National Rural Employment Guarantee Scheme (NREGA). In this case, 10 wastepickers were returning to their village in Eastern UP to find work for at least the guaranteed 100 days. They believed that by selling their unskilled labour, they would be able to earn steadily, even if it was small amounts. This they saw as more advantageous compared to the unsteady and low income from waste picking. One of them mentioned that he expected that the crisis would be over by the time his 100 days of work got over. He expected to return to waste recycling as his primary occupation.

In a pocket in East Delhi, where electronic waste recycling is the main occupation, other coping mechanisms kicked in. Most of the units here are small, with between 2 to 3 workers. The owner frequently sits on the shop floor and works himself. The primary work here is to dismantle old computers. Approximately 80% of the computers are dismantled and reused, and only 20% are recycled. In the case of recycling, the computers are then sold ahead to other players, also in the informal sector, who extract copper from the various components. A small amount of gold is also extracted. Since the crash in copper prices, a computer is less valuable than it was previously. However, the buying price is based on the intact computer, and not individual components inside it. Therefore, the prices did not reduce in proportion to the drop in scrap prices. Consequently, some shops began to work only part time, and others shut shop. It was not possible to get an accurate estimate of how many in each category. The workers in this area began to drive auto-rickshaws, and serve the local population, predominantly poor, with ferrying services till the main roads. We estimate that they were able to earn minimum wages, since the area is large, densely populated but very poorly connected and they themselves claimed this.

We therefore concluded that the reasons for not shifting in the case of solid waste recyclers were related to the degree of formality of the work, the perception that this trend was temporary and could be tided over by liquidating assets, and a lack of inroads into other kinds of jobs that the waste recyclers could turn to, such as working as office boys etc. In short, the desperate resilience of the recyclers clearly played out in our study. Those who did shift appeared to be exceptions.

### **C. Impact on Children**

Chintan identified children as a lens to understand the impact of the crisis for several reasons. Most of the children we work with live in families even if the family has only one parent or a grand parent. In all our interactions with waste recyclers over the past several years, we have found very clearly that parents take pains to enable their children to get a better life than they themselves have had. We have observed many of them undergo substantial sacrifices in order that their children are able to eat and dress well. In many (but not in all) cases, education is also seen as a priority by parents. These priorities were also strongly observed in child headed families, where the head-the oldest child, often male, also seemed to share these ideas.

The impact on children therefore was expected to reveal the loss of family defences and the key coping strategies.

Surprisingly, we did not find a single child who had dropped out of either formal or informal schools during this period. However, observations from Chintan's own non-formal education centres show that a third of the children would leave class early to go out to work with their parents. Many of them had begun to partially or completely stop working as wastepickers prior to this crash. This trend was corroborated by the survey across Delhi where 29% of the adults interviewed informed the surveyor that their children did help them with waste related work. One respondent set up a make shift shack for his children on a busy pavement, so that they could sell peanuts and tobacco products after school hours till the markets improved.

Over 80% of the waste recyclers explained that one of their coping strategies was to tighten their household budgets and stop consuming all 'luxury foods', defined as milk, fruits and meats. Not surprisingly, over 24% of those adults interviewed mentioned that they were forced to cut down on nutritious food for their children. Infact 41% reported reducing or entirely stopping all milk consumption at home. Twenty-six percent cut down on meat. Reduction in family nutrition is likely to have negatively impacted children. Based on our understanding of food distribution within the family, it is likely to be especially disadvantageous to girls.

A third factor impacting children is the decision to send them back to the village, where the need for cash is believed to be lower. This disrupts the child's education and the uncertainty acts as a barrier to plan for education and stability. Further, increased work, coupled with lower levels of nutrition and uncertainty reduces the quality of life of children and can have a long-term impact. This can include non-admission in schools, increased dropout rates from education facilities, poor health and dissolution of a steady peer group, thereby leading to many intangible losses. In the case of working children not attending schools, the losses are greater because of their reduced income. The possibility of their joining any educational facility is reduced dramatically, and has long-term impacts.

### **D. Other Social Impacts**

Some of the most important Hindu and Muslim festivals of the year-Diwali and Id-occurred in October and November respectively, coinciding with the greatest dips in the scrap market. These festivals are occasions when several older ties are renewed, often strategically and when most people-rich of poor, prepare to take the day off to celebrate. This year, however, many were unable to do so as they did not have adequate savings or earnings.

Some wastepickers reported not going home for the holidays on account of not being able to send money on such an important occasion. Approximately, 72% reported not being able to celebrate their festival on account of the crash in crises. Over 27% reported not being able to afford any new clothes on this occasion, despite the fact that it is an essential part of the festivities to wear new clothes, both for Diwali and Id. For many wastepickers, these festivals are the only occasions in the year when they buy new clothes and not doing so could imply that they will not purchase any non-essential or non-work clothing for the rest of the year.

The main impact of this was the loss of 'pleasure time,' which also helps build up and reinforce social capital, and, in many cases, a sense of shame.

## V Addressing the Crisis and Beyond

**Our study suggests** that while everyday swings in commodities and scrap are absorbed by the informal sector, long term, dramatic swings take their toll in drastic ways. While it is not possible to control global markets, local stabilization wedges can be created for partial insulation against such price fluctuations. Some preliminary suggestions are related to the diversification of the livelihood base, upgrade urban planning and the legal framework.

**Instead of creating livelihoods based entirely on commodities, the base can be expanded and risk reduced. Some recommendations are:**

- Increasing job security of doorstep waste collectors, by value addition such as composting, to be bought by the municipalities.
- Municipalities to design doorstep collection systems, including user-fees, such that 150 households (equal to appx the collection capacity of one wastepicker under doorstep collection in closely located buildings) yield at least minimum wages, upgraded each year. This ensures that sale of discards is surplus revenue, not the base.
- Doorstep waste collection should be contracted out to organized wastepickers, not to other players.
- The experience of micro-credit in urban India is ambivalent. However, other assets, such as safe and appropriated located housing, preference in waste related contracts etc access to formal, small savings schemes, and social security can reduce the vulnerability and therefore increase the asset accumulation. They can be best implemented under state supervision and investment and should be started at the earliest.
- The vulnerability in everyday work must be reduced, though legal recognition of the sector. This includes registration of wastepickers, licenses to waste traders and inclusion of their work in the list of emergency services. Wherever required, investment in organizing them should be made. This should ideally be through local livelihood schemes.
- It is important to plan for the sector as a whole in urban planning and by allocating them space for work in the appropriate areas of the city. This enhances livelihood security and therefore reduces vulnerability.
- Waste imports are common in India and there is little check on them. However, they further depress low prices and should be banned under the circumstances.
- North India has the additional problem of all waste recyclers being branded as Bangladeshis. This results in their being denied even the simplest forms of social security, including ration cards that allow them to access subsidized food. This report suggests that any wastepicker formally registered with a formal organization must have access to food from the ration quota.

## vi - Appendix A

# The Situation in Other Countries

The situation in other countries also shows that the work of the informal sector has been severely disrupted. Here are some details based on correspondence with individuals and organizations monitoring the situation there.

### Brazil

Summarized from correspondence with Sonia Maria Dias

#### Price Drop in the Minas Gerais State of Brazil:

MATERIAL (Compacted)	PRICE (R\$) OCTOBER 2007	PRICE (R\$) JUNE 2008	PRICE (R\$) DEC 2008
White paper	0, 46	0, 46	0, 34
Newspaper	0, 27	0, 21	0, 05
Magazines	0, 25	0, 20	0, 05
Cardboard	0, 53	0, 38	0, 12
PET		0, 80	0, 80
PE PEAD		0, 80	1, 20
Plastic Film		0, 80	0, 90

The Brazilian government has taken emergency measures in response to the crises. The Minas Gerais State Waste and Citizenship Forum/ State representatives of the national movement of waste pickers had put their demands to the Minister of Social Development. The government is using its food security programmers to address the emergency needs of the wastepickers cooperatives. The measures comprise

- 1) Food supply for Christmas;
- 2) Food supply until March 2009;
- 3) A pilot scheme within the Minas Gerais State for a direct link on an ongoing basis between urban and rural workers for supply of cheap food directly from farmers. This is still being discussed and has not yet been implemented.

Food supply was extended to organizations of waste pickers in some major cities of the country after a meeting in mid December, 2008.

### China

China has been badly impacted by the crash, with many factories cutting production by as much as 30%. This has impacted the several thousand wastepickers in China, immigrants from the rural hinterland. In Beijing alone, there are an estimated 170,000 persons working as wastepickers. Their earnings were appx. \$5 per day when the prices for recyclables was at its peak. This source of income is now lost. Given that China has also been a major importer of waste globally, the slowdown has impacted other countries, which no longer have a market for their recyclables. The United States is only one. Two leading newspapers report about the recycling crisis in China in detail:

<http://www.guardian.co.uk/environment/2009/jan/09/recycling-global-recession-china>  
<http://www.nytimes.com/2009/03/12/business/worldbusiness/12recycle.html>

## Honduras

Media Extract:

Global Recession Squeezes Honduran Scavengers \_The Ocotillo municipal city dump, in San Pedro Sula, Honduras, receives over 500 tons of refuse daily. Men, women and children pick through the dump daily for food, clothing and income. Materials such as plastic, glass, cardboard, copper and other metals are collected and sold for recycling on site, and the profit is used for subsistence. The Ocotillo dump is located in the state of Cortés, and according to the FONAMIH (National Forum of Honduran Immigration), this region produces more than 20 percent of Honduran immigrants, by far, the leader within all of Honduras' sectors. Hondurans are catapulted into migration, not by war or politics, but by misery. Of the immigrants that leave Honduras, 85 percent do so in search of better labor opportunities. According to FONAMIH, 100,000 migrants leave Honduras every year: 8,333 a month, 1,923 a week, 277 a day, 12 an hour. Of those 12, three are from the area of Cortes. It's no wonder why it's called the field of immigrants. FONAMIH's report for September 2008, stated, "The lack of resolution to social problems produces three phenomena that are very familiar to our reality: exclusion, marginalization and migration." More at:

<http://us.oneworld.net/article/358639-global-recession-worsens-conditions-scavengers>

## The Philippines

Extracted from an email report send by Lizette Cardenas, Executive Director, SWAPP, Manila, on February 8, 2009.

In the Philippines...some of our small junkshops have closed down because they lost money in the trading. I think the lowering of prices in the global market affects more the junkshops or consolidators rather than the wastepickers. This is because waste picking is also seasonal here in the Philippines. If the season of waste picking is low, they turn to other sources of livelihood like drivers, vendors, construction workers, house-help, farming or raising pigs.

We are currently formulating National Framework Plan for Management of the Informal Waste Sector. It is funded by UNEP under the 3Rs Program. We have conducted consultations with the informal sector (from the dumpsite and junkshops) and they mentioned this lowering of prices of the recyclables as one of their issues and concerns.

We also held a Conference on Building Partnership with the Recycling Sector last November 26-27 here in Manila to also discuss this issue of low prices of recyclables. We invited representatives from the paper, plastic, e-waste and lead-battery recyclers. The paper, lead battery and e-waste recyclers are not so much affected because we have local markets to sell the recyclables. It is also the plastic industry that is greatly affected since it trading with China. However, the industry is also trying to find some way to find other potential businesses like developing new products from plastics, which can be processed locally.

## The United States of America

The global drop in prices of scrap has hit the United States hard. Recyclers here have been unable to export commodities like paper and plastics, rendering local recycling programmes too expensive to maintain and economically unviable.

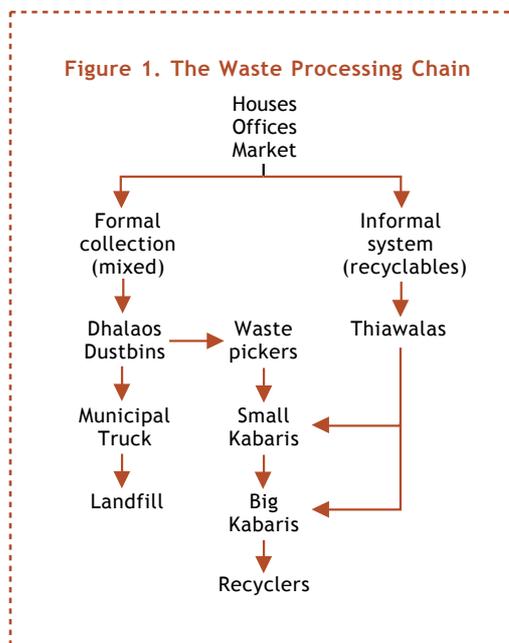
See these reports from the media:

<http://www.csmonitor.com/2009/0114/p03s05-usec.html>

<http://www.telegraph.co.uk/news/worldnews/northamerica/usa/3741837/Crash-in-trash>

## vi Appendix B ABC of the Informal Recycling Sector in India

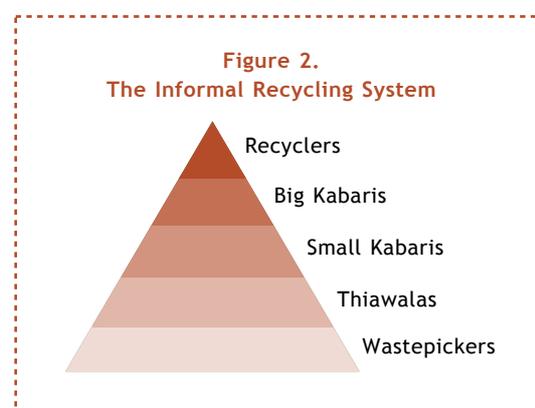
**Recycling in India** is largely undertaken by a huge mass of workers involved in the informal sector. This sector includes waste pickers, small kabaris (small middlemen), thiawalas (collectors) and big kabaris (larger middlemen). The World Bank estimates that 1% of population in cities of the developing world are engaged in recycling. The linkage among the workforce is best understood through the following figure.



It has been seen that while the urban poor produce the least amount of waste, they live in areas that have limited, or no waste handling facilities, as well as inadequate service delivery. Additionally, waste is generally dumped on the outskirts of the city where the poor also live. Almost all of the recycling is through the informal sector, which comprises waste pickers, small buyers, a host of agents and finally, the recyclers. Hence, while recycling is carried out by the poor and offers them a livelihood, it is fraught with risk. The immediate burden of the toxic waste is borne by them since there are no satisfactory systems or facilities in place which can handle waste generation.

Although waste pickers are the backbone of the waste collection process in Delhi, small kabaris are one of the most critical components in the chain. They buy the waste from waste pickers and sell it to big kabaris who deal with specific items and materials.

The informal sector of recycling works like a pyramid [Figure 2]. The first layer comprises several hundred thousand men, women and children in urban pockets who mine garbage heaps, landfills and bins for recyclable wastes like plastics, paper and metals. Most waste pickers do not use any implements, and often sift through heaps of garbage with their bare hands. The recyclable wastes are put into large plastic HDPE sewn bags that the waste pickers make at home and loaded onto cycles, cycle-rickshaws or even on their backs. The waste that they collect is then segregated near junk shops, in dhalaos, or local dumpsites. The second layer is made up of the small middlemen, often poor themselves, who buy waste from the waste pickers. Their payments determine the earnings of the waste



pickers. They in turn sell the waste to the third layer, comprising large buyers who own huge godowns and deal with only one material. Finally, at the top, devouring all the labor and materials from below are the actual recyclers themselves. Most of the city interacts with the first and the second layer, whose labor actually propels recycling in India. These are also the repositories of knowledge and information about waste at the local level, and have no inhibitions - caste-based or otherwise - about handling waste. Many of them work in groups based on family bonds, kinship and simply companionship borne of living in the same area. These bonds are critical for their working.

Since the sector is not formally recognized, the people involved in it do not have access to social security, medical benefits or housing. Their work is also considered illegal by the police, as the sector has not been officially appointed for this task or is not employed by anyone.

## vi Appendix C Chintan's Response to the Scrap Crash

Chintan responded to the scrap crash in diverse ways, based on inputs from the waste recyclers themselves. The broadest approach was to develop flexibility in systems related to two of our programmes- Scavengers to Managers and No Child in Trash, about green jobs and child labour respectively. Also, our interactions with policy makers and others constantly emphasized the situation, using numbers, in order for them to also understand the gravity of the situation and participate in reducing its impact on the wastepickers in their given context. A few specific steps-both successful and unsuccessful-are listed below:

### Business Advice

This was based on avoiding falling into debt, and augmenting existing, healthy enterprises.

- Help door-step waste collectors to collect service fees from more houses, thereby increasing their cash based earnings. About 30% of the users do not pay for a number of reasons, and these were approached along with the municipality.
- Shutting down micro-enterprises likely to run into a loss before they ran into losses by counselling wastepickers and recyclers.
- Ending unprofitable contacts to avoid indebtedness : Chintan has contracts with various waste generators. Most of these are run independently by waste pickers and small traders, based on guidelines laid by Chintan. Some of these include purchase of waste from them. In some instances, the waste generator refused to reduce the amount owed to him despite the scrap crash and Chintan therefore worked with the micro-enterprises to analyze the situation and terminate the contract instead of incurring losses and falling into debt. Such persons were also helped to focus on other work, to keep it stable.

### Consistency with Education

The objective was to ensure children did not drop out of informal or formal school, even if they paid less attention to education.

- Allowing children who leave early to feel welcomed back into class the next day. Another approach would cause them to drop out.
- Keeping up the linkages with children in school through a lending library in order to ensure they were still in school and could be informally and individually counselled, as needed.
- Using the opportunity to open and expand learning centres as the youngest children's work (those under 6 years) became redundant due to the small amount they collected.

### Social Security

The objective was to ensure that those families that did not have ration cards could register for them. This is a government-issued card that enables the poor to purchase food at a subsidized rate.

- Chintan tried to help 123 wastepickers earning the least amongst Delhi's wastepickers get a ration card. Unfortunately, the relevant officials did not complete the process despite all the correct documentation, because they were sure the wastepickers, being Muslim, were Bangladeshis. This was also the area with the highest incidence of child labour in the survey. A campaign to undo this is underway.