

► Policy Brief

August 2026

Employment, skills and economic inclusion in Cox's Bazar An analysis of labour market dynamics and trends¹

Key points

- **Underemployment and informality crisis.** While unemployment in Cox's Bazar is remarkably low at 1.5 per cent, this metric obscures a severe structural crisis: 58.8 per cent of the employed population is underemployed, significantly exceeding the national average of 49.4 per cent and the Chattogram Division average of 51.1 per cent. This means most of the workforce is engaged in activities with working hours, productivity and/or income that are insufficient for a decent living. Compounding this precarity, 86.4 per cent of workers operate without written employment agreements, compared to 76.9 per cent nationally, leaving them highly vulnerable to exploitation and income shocks.
- **The youth disengagement challenge.** A total of 41.5 per cent of youth (ages 15–29) are not in employment, education or training (NEET). The NEET rate for males is 48.3 per cent, which is higher than the female rate of 35.2 per cent. This male-dominated disengagement reflects challenges in school-to-work transitions and limited formal job creation, representing a massive loss of the district's demographic dividend.
- **Severe human capital deficit.** The district faces a critical skills shortage, a primary bottleneck to economic diversification. Nearly all of the working-age population (99.2 per cent) reported no vocational or technical training in the past year, preventing the workforce from meeting the technical demands of emerging sectors such as tourism, construction and humanitarian services.
- **Entrenched gender disparities.** Female labour force participation is deeply constrained across all age groups. In rural areas, only 40 per cent of women are employed, compared to 46 per cent nationally. During prime working years (ages 26–35), the gender gap is stark: male employment reaches 95.4 per cent, while female employment stands at just 51.5 per cent. Women's participation declines precipitously after age 35, falling to 27.8 per cent for ages 36–45. Early marriage exacerbates this exclusion, with 62.1 per cent of women married before age 18 remaining entirely outside the labour force.
- **Migration as an unequal livelihood strategy.** Driven by the lack of stable local employment, international migration has become a central household coping mechanism, yet it is almost exclusively male (99.1 per cent). Critically, access to migration is unequal: households with at least one employed member are over four times more likely to have an international migrant compared to those without employed members (8.7 per cent versus 2 per cent). This indicates that the poorest households are trapped in a cycle of poverty and unable to access this livelihood pathway.

¹ This policy brief draws on the ILO report *Employment, skills and economic inclusion in Cox's Bazar: An analysis of labour market dynamics and trends*, an analysis based on the Socio-Economic and Demographic Survey 2023 (SEDS-2023). The research employed a desk-based analytical approach, producing sex-disaggregated data and an examination of vulnerable groups (youth in NEET status, women, ethnic minorities and persons with disabilities). The analysis calculates key labour market indicators in alignment with ILO standards and definitions, providing a comparative perspective against both the Chattogram Division and national averages. The SEDS-2023 dataset was selected to provide robust district-level estimates.

► Introduction

Cox's Bazar, in south-eastern Bangladesh, has a complex economy marked by underdevelopment, environmental issues and demographic changes. Historically, the district's economy relied on agriculture, fishing, salt cultivation, and tourism.² Since 2017, the large influx of Rohingya refugees has significantly changing employment dynamics and creating a dual economic structure.³ The traditional informal economy operates alongside a growing, project-based humanitarian sector.⁴

This policy brief is based on the study *Employment, Skills and Economic Inclusion in Cox's Bazar: An Analysis of Labour Market Dynamics and Trends*, published by ILO, Cox's Bazar, in 2026, which uses the Socio-Economic and Demographic Survey 2023 (SEDS-2023) to analyse the Cox's Bazar labour market. The study sought to identify structural weaknesses, human capital limitations and inequalities that impede decent work, providing evidence-based recommendations to align local economic development with ILO's Decent Work Agenda.⁵

► Structural deficiencies in employment

The labour market in Cox's Bazar is characterized by severe informality and pervasive underemployment, trapping most workers in precarious low-productivity activities.

The illusion of low unemployment

The district reports an open unemployment rate of 1.5 per cent. However, this figure misrepresents the true state of the labour market. This low rate reflects the absence of formal job seeking mechanisms and the prevalence of discouraged workers. The employment-to-working-age population ratio is 58.8 per cent; however, 58.8 per cent of this employed population is classified as underemployed. As figure 1 illustrates, this underemployment rate significantly exceeds both the Chattogram Division average (51.1 per cent) and the national average (49.4 per cent). This indicates that while individuals are economically active, their engagement is insufficient in terms of the working hours, productivity and/or income generation necessary to secure a decent standard of living. The coexistence of low unemployment with high underemployment suggests the labour market is characterized by hidden slack rather than genuine full employment.

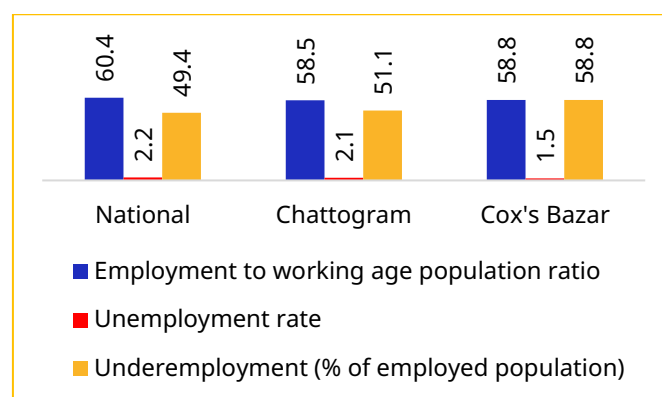


Figure 1: Employment, unemployment and underemployment by region (percentage)

Pervasive informality and precarious modalities

Employment quality is severely compromised by prevailing work modalities, reflecting the local economy's structural constraints. Full-time employment is scarce, accounting for just 31.7 per cent of jobs, compared to 41.7 per cent nationally (figure 2). Daily wage labour (33.8 per cent versus

² Islam, Md. Nurnobi, and Md. Masudur Rahman. 2024. "Tourism, Labour Market, and Host Community Impacts during the Refugee Crisis in Cox's Bazar." *International Journal of Tourism Policy* 14 (1): 1-21.

³ Idrish, Mohammad Hossain Bin, and Faisal Ahmed. 2024. "Deconstructing the Nexus between the Influx of Rohingya Refugees and the Economy (Labor) in Cox's Bazar, Bangladesh." *GSC Advanced Research and Reviews* 18 (1): 290-298.

⁴ Ndip, Alvin Etang, Sandra V. Roza, María José Urbina, and Christina Wieser. 2024. "Refugees and Humanitarian Aid: The Rohingya Impact on Bangladesh." *World Bank Policy Research Working Paper* No. 10884. Washington, DC: World Bank.

⁵ ILO (International Labour Organization). 2022. *Decent Work Country Programme for Bangladesh 2022-2026*. Dhaka: ILO.

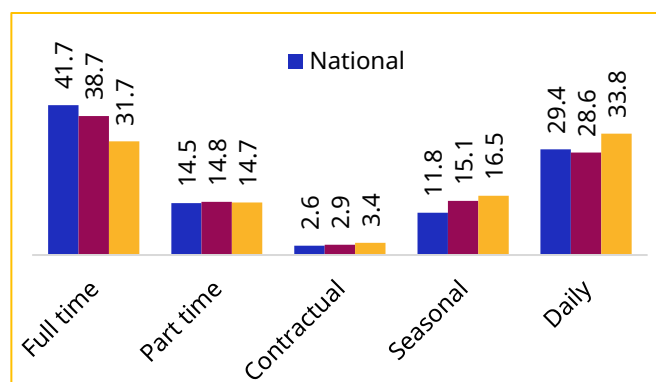


Figure 2: Employment by work modality and region (percentage)

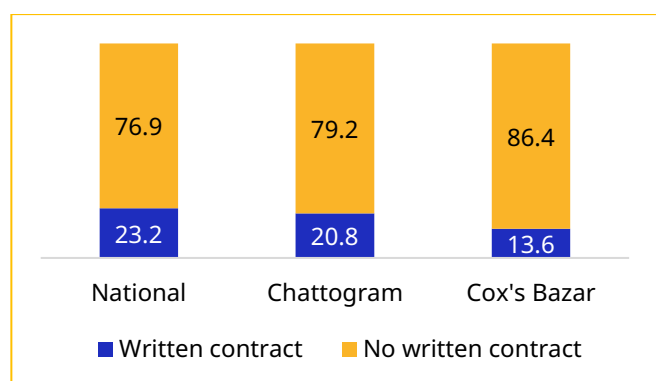


Figure 3: Level of contractual protection by region (percentage)

29.4 per cent nationally) and seasonal work (16.5 per cent versus 11.8 per cent nationally) are disproportionately high in the district. This dependence on precarious modalities creates income instability and exposes workers to significant vulnerability during economic downturns or seasonal fluctuations. The situation is compounded by a lack of contractual protection; 86.4 per cent of workers operate without written agreements (figure 3), compared to 76.9 per cent nationally. This absence of formal contracts leaves workers vulnerable to income shocks, wage theft and workplace exploitation, while denying them access to statutory protections and benefits. The prevalence of unwritten agreements reflects both employer preference for flexibility and the structural weakness of local labour market institutions.

Sectoral concentration and limited diversification

Cox's Bazar's occupational composition is heavily skewed towards lower-skilled primary sector activities, reflecting historical economic structures and limited industrial

development. The agricultural sector employs 48.5 per cent of the workforce, exceeding the national average of 43.3 per cent (figure 4).

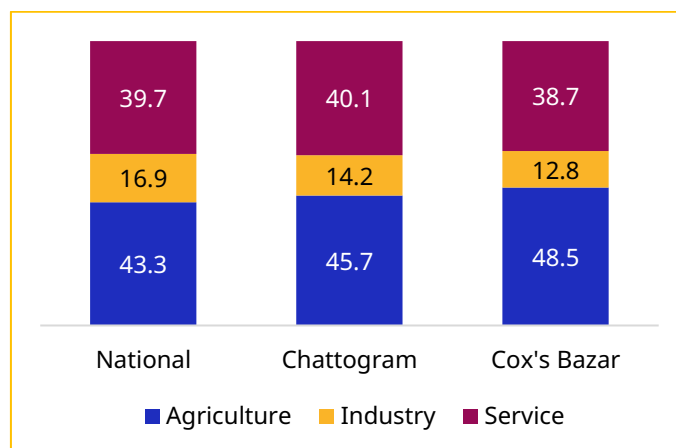


Figure 4: Sectors of employment by region (percentage)

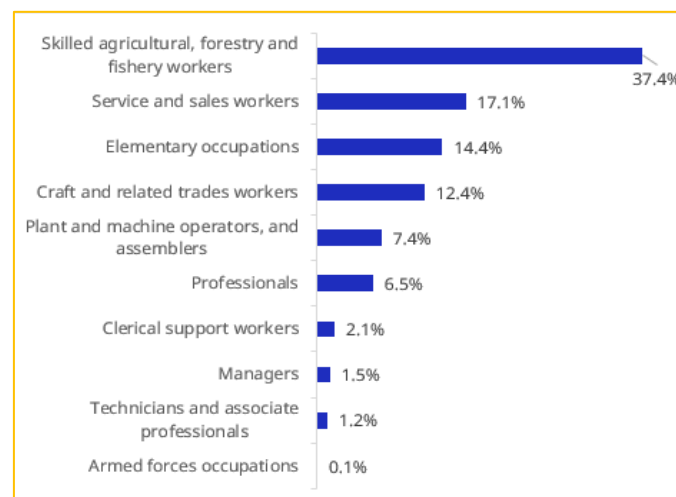


Figure 5: Occupational composition in Cox's Bazar (percentage)

The industrial sector is critically underdeveloped, employing only 12.81 per cent of workers compared to 16.94 per cent nationally, indicating a severe deficit in manufacturing and value-added production. Consequently, skilled agricultural, forestry and fishery workers constitute the largest occupational share at 37.4 per cent, followed by service and sales workers (17.1 per cent) and elementary occupations (14.4 per cent). By contrast, higher-skilled roles such as professionals (6.5 per cent), managers (1.5 per cent) and technicians (1.3 per cent) represent a minimal fraction of employment (figure 5). This occupational structure reflects a labour market trapped in low-value-added activities, with limited pathways for upward mobility or transition to higher-productivity sectors.

► The human capital crisis

The structural constraints of the Cox's Bazar economy are inextricably linked to a profound deficit in human capital development.

The skills and training deficit

The most critical bottleneck to economic diversification is the near-total absence of vocational and technical training. An overwhelming 99.2 per cent of the working-age population did not receive any formal skills training in the preceding year. This represents a systemic failure in human capital development, trapping the workforce in low-productivity sectors. This prevents workers from meeting the technical demands of emerging industries such as tourism, construction and humanitarian services.⁶ Without access to formal skills development, workers remain unable to transition into higher-value-added activities or meet employer expectations in sectors requiring technical competencies.

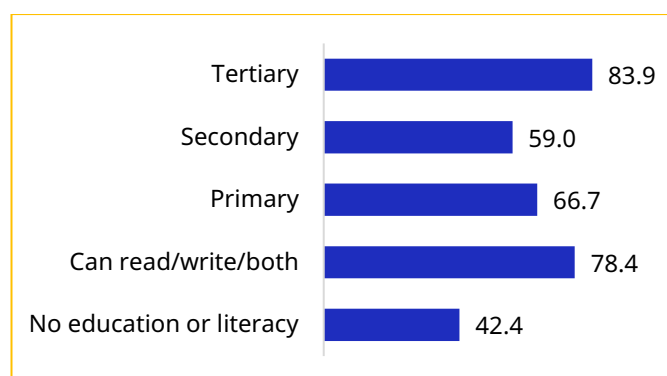


Figure 4: Labour force participation rate by education level (percentage)

The relationship between educational attainment and labour force participation reveals a troubling structural mismatch (figure 6). While participation is high among those with basic literacy (78.4 per cent) and tertiary education (83.9 per cent), it dips significantly for those with secondary education (59 per cent). This non-linear pattern suggests that the local economy fails to absorb moderately educated workers, leading to discouragement and disengagement. Individuals with secondary education, having invested in education but finding limited employment opportunities commensurate with their qualifications, may withdraw from actively seeking employment. This pattern indicates that education alone is insufficient without complementary economic opportunities.

The youth NEET challenge

The integration of youth (ages 15–29) into the labour market is a critical concern. The district exhibits an alarming rate of youth who are not in employment, education or training (NEET) of 41.5 per cent, indicating that more than two fifths of the youth population is disengaged from productive economic activity and human capital development. This aggregate figure conceals a significant gender disparity: the NEET rate for young men is 48.3 per cent, compared to 35.2 per cent for young women. This high rate among young men points to severe challenges in the school-to-work transition, limited formal job creation, and potential discouragement. For young women, the lower NEET rate may reflect their engagement in unpaid domestic work and care responsibilities, which are not captured by the NEET definition. Both patterns represent a massive underutilization of the district's demographic dividend and a critical loss of human capital.⁷

⁶ Assadekjaman, Md., and Nasreen Afroz. 2025. "The Importance of Skills Development for Youth in the Current Context of Bangladesh: A Comparative Study and Path Forward." *GILE Journal of Skills Development* 5 (2): 2-19.

⁷ Khatun, Fahmida, and Syed Yusuf Saadat. 2018. *The Ignored Generation: Exploring the Dynamics of Youth Employment in Bangladesh*. Dhaka: Centre for Policy Dialogue (CPD) and Friedrich Ebert Stiftung Bangladesh.

► Gender and marginalization

Labour market outcomes in Cox's Bazar are deeply stratified by gender and socio-cultural factors, resulting in the systemic exclusion of vulnerable groups.

Entrenched gender disparities

Female labour force participation is significantly restricted across all age groups and geographical locations, reflecting binding socio-cultural norms and structural economic limitations. In rural areas, only 40 per cent of women are employed, falling below the national average of 46 per cent. This disparity indicates fewer opportunities for women in the rural economy compared to urban areas.

Data also reveals a pronounced intersectionality between gender and age (figure 7). During prime working years (ages 26–35), the gender gap in employment is substantial: male employment stands at 95.4 per cent, while female employment is considerably lower at 51.5 per cent. This 43.9 percentage point difference highlights the societal expectation of men as primary breadwinners and the obstacles women encounter in securing employment. Furthermore, women's participation declines sharply after early adulthood, dropping to 27.8 per cent for those aged 36–45 and further to 21.7 per cent for the 46–55 age group.

By contrast, male participation consistently remains above 93 per cent across these age brackets. This trend suggests that women are more likely to exit the labour market due to life-cycle responsibilities, such as marriage, childbearing and unpaid care work, and subsequently face considerable challenges in re-entering it.

Early marriage appears to present a significant impediment to women's economic empowerment and sustained labour market involvement. Women who marry before the age of 18 show an employment rate of merely 37 per cent, with 62.1 per cent remaining entirely outside the labour force. This socio-cultural practice curtails educational opportunities, necessitates premature engagement in unpaid domestic roles, and often hinders women from acquiring the skills and experience essential for formal employment. Conversely, women who never marry achieve an employment rate of 41.3 per cent, suggesting that marital status – particularly early marriage – may be a crucial factor in labour market exclusion.

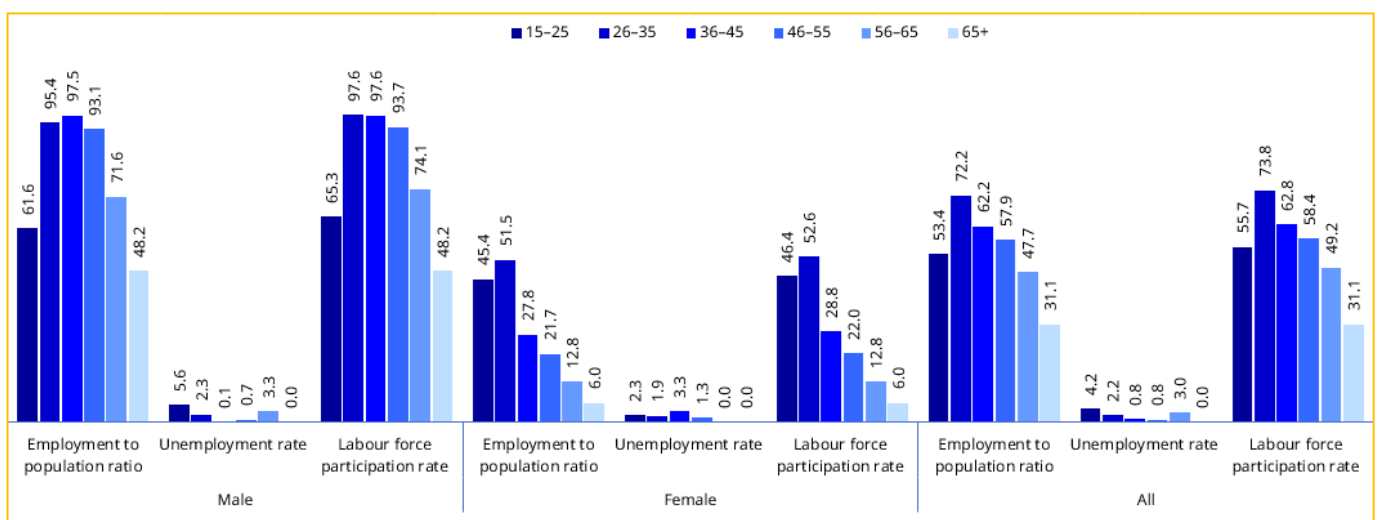


Figure 5: Key labour market indicators in Cox's Bazar by sex and age group (percentage)

Exclusion of persons with disabilities

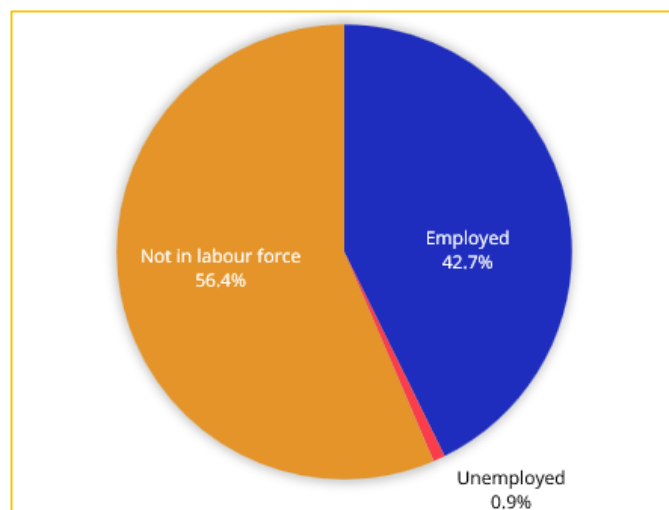


Figure 6: Employment status of persons with disabilities in Cox's Bazar (percentage)

Persons with disabilities represent one of the most marginalized segments of the Cox's Bazar population and face systemic barriers to economic participation. Only 42.7 per cent of this population is employed, while 56.4 per cent are entirely disconnected from the labour market (figure 8). This exclusion underscores the lack of accessible and accommodating workplaces, the absence of inclusive training programmes and the prevalence of discriminatory employer attitudes, with these barriers amplified by a limited awareness of disability rights. Furthermore, many persons with disabilities may face internalized stigma and lack the confidence or support networks necessary to pursue employment.

► Migration and financial inclusion

Without strong local opportunities, households depend heavily on alternative livelihood strategies, which are themselves fraught with inequality.

Migration as a coping mechanism

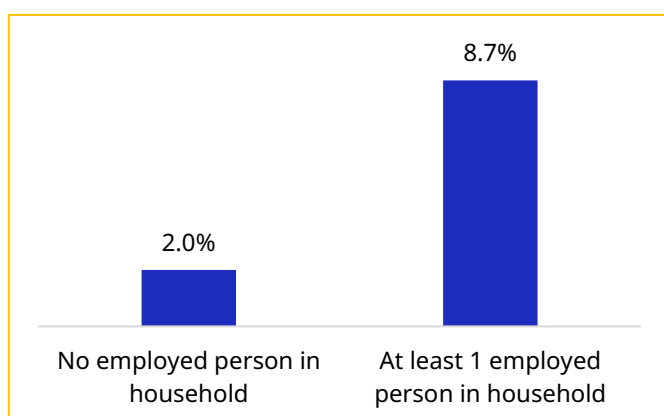


Figure 7: Share of households in Cox's Bazar with at least one international migrant by household employment status (percentage)

International migration, while a common economic strategy, is inherently risky. It primarily reflects the profound failure of the local labour market to provide decent work opportunities. The overwhelming majority of migrants, 90.4 per cent, cite "work/business" as their main motivation for migrating abroad (figure 11), confirming that economic necessity is the primary driver.

However, access to migration is highly unequal. Households with at least one employed member are significantly more likely to have an international migrant compared to those without any employed members (8.7 per cent versus 2 per cent) (figure 9). This disparity indicates that the poorest households, despite having the greatest need for the economic lifeline migration offers, lack the capital required to cover recruitment fees, travel and associated costs. This creates a perverse situation where the most vulnerable are excluded from the primary livelihood strategy available in the district.

Moreover, migration is almost exclusively male (99.1 per cent) (figure 10). This imbalance reflects both socio-cultural norms that restrict female mobility and the prevalence of the low-skilled, physically demanding jobs typically available to Bangladeshi migrants abroad.

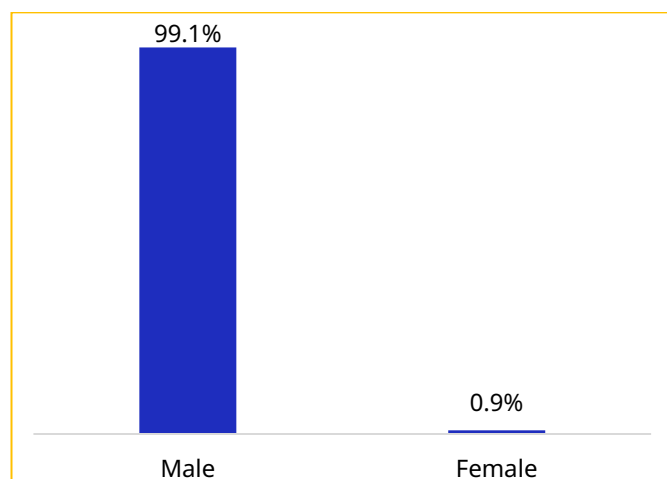


Figure 8: Distribution of international migration from Cox's Bazar by sex (percentage)

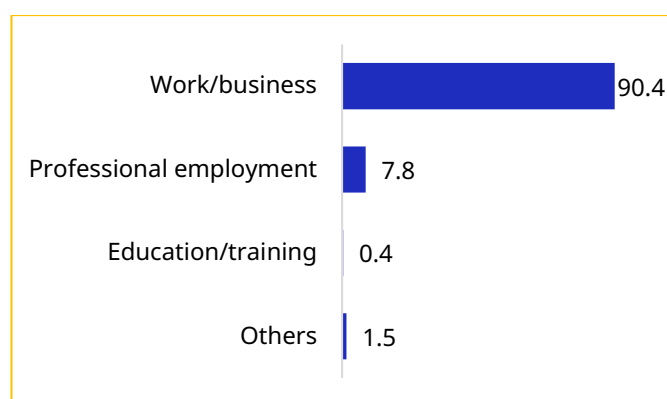


Figure 9: Main reason for international migration from Cox's Bazar (percentage)

This extreme gender disparity leaves women to contend with the precarious local economy, thereby further entrenching gender inequalities and limiting their access to the higher wages and skill acquisition opportunities associated with international employment.⁸ While remittances provide crucial household income, they do not address the underlying structural deficiencies within the local economy.

Disparities in financial inclusion

Financial inclusion in Cox's Bazar is dominated by mobile banking; however, access is highly gendered, thereby limiting broad-based economic empowerment and entrepreneurial growth. Among the employed population, 65.5 per cent of employed males have access to mobile banking, compared with 13.7 per cent of employed females. This 51.8 percentage point gap is striking, given that mobile banking is often promoted as an inclusive financial service. Access to traditional bank accounts is even more restricted, with only 36.2 per cent of employed males and 8.5 per cent of employed females holding accounts. Most critically, access to formal credit is dismally low (11 per cent for males, 3.1 per cent for females), presenting a severe barrier to entrepreneurship, business expansion and the transition from informal to formal economic activities. Without access to formal credit, individuals engaged in informal activities cannot invest in productivity-enhancing tools, purchase inventory or expand their enterprises. This financial exclusion – particularly of women – perpetuates the cycle of low-productivity informal work and prevents the accumulation of productive capital.

⁸ RMMRU (Refugee and Migratory Movements Research Unit). 2022. *Labour Migration from Bangladesh 2021: Achievements and Challenges*. Dhaka: RMMRU.

► Policy recommendations

To foster inclusive economic growth and advance the Decent Work Agenda in Cox's Bazar, policymakers must transition from short-term responses to long-term development and structural interventions:

- **Institute market-aligned skills development:** Urgently deploy targeted vocational and technical training programmes designed to bridge the 99.2 per cent skills development deficit. These programmes must align with the specific competencies required by emerging local sectors, such as tourism, construction and humanitarian logistics, with outreach to re-engage the 41.5 per cent of youth in NEET status.
- **Drive formalization and contractual protection:** Implement comprehensive regulatory strategies to transition workers from the informal to the formal economy. A primary focus must be placed on enforcing written employment agreements to protect the 86.4 per cent of workers currently operating without contracts, particularly those engaged in daily wage and seasonal work.
- **Dismantle barriers to female economic participation:** Design and enforce gender-responsive policies that address the precipitous drop in female employment after age 35. This includes investing in care infrastructure, promoting flexible work arrangements, and combating the economic disenfranchisement caused by early marriage.
- **Expand equitable financial inclusion:** Broaden access to formal credit and mobile financial services, specifically targeting employed women. Expanding microcredit and financial literacy programmes is essential to support female entrepreneurship and to facilitate the growth of micro and small enterprises.
- **Promote inclusive employment for marginalized groups:** Enforce reasonable workplace accommodation and develop specialized, inclusive training pathways to integrate 56.4 per cent of persons with disabilities who are currently excluded from the labour force.
- **Stimulate local economic diversification:** Promote investment in sectors beyond traditional agriculture and daily wage labour to encourage the growth of sustainable industries that can generate stable, formal employment opportunities within the district, and thereby reduce necessity-driven reliance on risky international migration.

During the preparation of this work, the author(s) utilized *editGPT* to improve the readability and language of the manuscript. Following the use of this tool, the author(s) carefully reviewed and edited all content as necessary and assumes full responsibility for the document/publication's content. No material subject to intellectual property rights, including third party material, was used without acknowledgment and permission.



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