

# **Facilitation of Women Entrepreneurship in Bangladesh and their Export Potential**

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### **Introduction:**

Women's economic empowerment is an inevitable part of development discourse. Institutionalization of sustainable development process excluding women from the mainstream development programmes is inconceivable and will not support sustainable economic growth. Nevertheless, sustainable growth in trade and development would always be a far-reaching goal without active and meaningful participation of the country's women folks.

Existing sex ratio in demographic structure of Bangladesh indicates that women comprise almost 50% of the total population. They are essential part of nation's human resources. Due to this demographic structure, the issue of the participation of women in the mainstream economy is imperative. Without a meaningful and active participation of women, half of the total population, in regular economic activities, a dynamic and sustainable economy is impossible. A sustainable economy is a precondition for national growth and prosperity including institutionalization of a democratic system. It is also impossible to achieve the target of a poverty-free society without incorporation of women in the mainstream economy. Considering the issue, a special emphasis has been given by the Government of Bangladesh, donor agencies, NGOs, business community and all other relevant stakeholders through different interventions to ensure increased women's participation in formal economic sector, especially in business and industry.

Bangladesh is one of the countries, which ratified the UN Convention on the Elimination of all Forms of Discrimination against Women (CEDAW). The Constitution of Bangladesh also grants equal rights to women and men in all spheres of public life [Article 28(1), and 28(3)2 ]. The Constitution also keeps an obligation for the state to ensure women's active and meaningful participation in all spheres of public life (Article-10). In response to the international concern and constitutional commitment, the Government of Bangladesh has initiated some institutional measures for the enhancement of women's economic position and status in society. The major initiatives undertaken by the Government so far included establishment of a separate ministry on women's affairs, formulation of the National Policy for Advancement of Women-2008 and the National Action Plan, which was prepared in response to the Beijing Platform for Action (PFA).

## **Status of Women Entrepreneurship in Bangladesh:**

Entrepreneurship among women, no doubt improves the wealth of the nation in general and of the family in particular. Women today are more willing to take up activities that were once considered the preserve of men, and have proved that they are second to no one with respect to contribution to the growth of the economy. Women entrepreneurship must be molded properly with entrepreneurial traits and skills to meet the changes in trends, challenges of global markets and also be competent enough to sustain and strive for excellence in the entrepreneurial arena.

According to analysis conducted by the McKinsey Global Institute (2015), among others, a) USD 28 trillion of *additional* global GDP could be produced in 2025 in the full-potential scenario of bridging the gender gap; and b) 240 million workers could be added through higher female labor force participation. Trade can be a powerful driver in this process. However, several challenges currently affect women worldwide, and prevent them from fully unleashing their economic potential through trade. In particular: 1) Female labor force participation remains low, at about 50 per cent over the past two decades; 2) Women are only half as likely as men to have a full-time job, and more likely to be in informal, unpaid and/or seasonal employment; 3) Occupational segregation and gender salary gaps persist; 4) Women traders face disproportionately higher trade barriers; 5) Female entrepreneurs are less likely than men to register businesses - when they do, the businesses are usually smaller, with fewer employees, more growth-constrained, and less productive; 6) Access to inputs, assets, training and finance remains more limited for women; 7) Gender based socio-cultural norms persist: women's ability to own and/or inherit land, open a bank account, or register a business can be restricted by discriminatory laws and practices.

Women traders across the South Asian countries face the same challenges, in some cases in an aggravated form. Female labor force participation is lower, at 35 percent. Occupational segregation is widespread. Working conditions are especially difficult, with female employees making up more than 80 percent of informal and vulnerable workers and being almost three times less likely than men to be in full-time employment. 8-9 percent of total businesses are

estimated to have one or more women as owners, compared to 38-47 percent in East Asia (4.8-5.9 million). They typically emerge out of necessity, operate informally, and concentrate in traditional sectors or small-scale retail and services – low literacy, investment and profit levels are often common features.

In Bangladesh, women have made considerable progress, breaking the cultural norms of seclusion and progressed to being more involved in society as workers, entrepreneurs/traders, professionals and political leaders. In the Global Gender Gap Index, Bangladesh ranked 47 out of 144 countries in 2017 with a score of 0.719. However, the specific index for economic participation was 0.423 in 2017 with a low rank of 129. Women face gender-specific challenges in comparison to men in conducting and managing business or as workers. **There is increased recognition that women's entrepreneurship can be a powerful tool for poverty reduction and women's economic empowerment.** Women's ownership and management of firms is low, yet growing; in 2013, only 13 percent of firms were owned and 5 percent of firms were managed by women. According to Bangladesh Economic Census 2013 the total number of entrepreneurs in Bangladesh is 7,818,565 of which only 7.1 percent is women coming to 563,368. Working proprietors are 7.3 million of which 6.9 million are male proprietors and 0.431 million are female (5.87 percent). According to the Global Gender Gap Report 2013, in Bangladesh 16 percent firms have women participation in ownership, and 35 percent women have an account in a formal financial institution compared with 44 percent men. However, only 1 percent firms have women as top managers.

The World Bank Enterprise Survey 2013 has slightly different figures i.e. in Bangladesh 12.7 percent firms had female participation in ownership; 4.8 percent had a female in top management; 1.7 percent firms had a majority of women in ownership; 15.8 percent of full-time workers were female; 21.1 percent of production workers were female and 10.7 percent of non-production full-time workers were female.

According to the SME Foundation about 40 percent of the women-led SME were involved in the production of woven and knit apparels, clothing and fabrics (HS chapters 58. 59. 61 and 62).

Additional 11 percent of women entrepreneurs were involved in the agro-processing sectors (HS chapters 07, 08, 19 and 20). 'The Trade Winds of Change: Women Entrepreneurs on the Rise in South Asia' background country study also noted that the products (electronics and agro-processing) women traders are involved in are also the ones with Non-Tariff Measures in regional trade.

Women face difficulties in establishing trade contacts with potential buyers. Women have not been engaged in trade for as long as men and therefore they lack the networks and connections that men have. They were able to use the networks of their male family members (e.g. father or husband) to make the first contacts. Although they participate in trade fairs (with support from various sources) different types of social and family constraints make them less effective in marketing and promoting their goods in international settings.

## **Characteristics of women entrepreneurs**

Some of the characteristics of women entrepreneurs in Small & Medium Enterprises (SMEs) found in the SME Foundation's 2009 study are as follows:

*Age distribution of the respondents:* The age of the women entrepreneurs varied from less than 20 years to 61 years and above. The age of the majority (41.64 percent) of the women entrepreneurs were between 31 to 40 years 28.02 percent belonged to the age group of 21-30 years.

*Marital status of the respondents:* The majority of the women entrepreneurs of Bangladesh (82.90 percent) were married.

*Educational status of the respondents:* While 97.29 percent of the women entrepreneurs had education from below SSC to Masters' Degree, including some professional degrees, the greater proportion of the women entrepreneurs (30.63 percent) had education below SSC. Besides, only 25.51 percent had passed their SSC and 21.55 percent had completed HSC.

*Occupational background of family members:* As regards the occupations of the fathers of the respondents, the majority 35.27 percent were in business, 21.93 percent in service, 4.54 percent, were retired personnel.

*Previous occupations of women entrepreneurs:* The largest number (64.64 percent) of these women were housewives before they entered their careers as women entrepreneurs, 17.49 percent were previously students, 7.83 percent were in service, 1.84 percent belonged to various other occupations and 3.86 percent were unemployed.

*Motivating factors for women to enter into business:* The most common factor was to add to family income (47.25 percent). Some women had taken up entrepreneurship as a profession.

*Nature of ownership of business:* 85.41 percent women entrepreneurs were sole owners of their business. Only 9.47 percent had family ownership, 4.54 percent were in partnership with others, 0.39 percent were associated with some companies, and 0.19 percent had various other ownership arrangements.

*Sector wise breakdown of women entrepreneurs:* The greatest number of women entrepreneurs (27.8 percent) was involved in clothing and accessories. The second highest, 12.9 percent, were found to be in the ownership of knitwear and ready-made garments, followed by 10.8 percent women entrepreneurs who had ownership in agro-processing/agri-businesses. The largest (46.8) percent of the women-owned enterprises belonged to various handicraft manufacturing, tailoring, block and batik works. 3.4 percent women were involved in health care and diagnostic centers while 2.6 percent belonged to education services. Few women were in electronics and electrical enterprises (1 percent), software development firms (0.8 percent), light engineering and metal-working (0.6 percent), plastic and other synthetics (0.6 percent), leather making and leather goods (0.3 percent).

*Income from business:* The recorded monthly income of women entrepreneurs varied from BDT 0.1 million to 0.6 million throughout Bangladesh. The highest income of BDT 0.6 million per month were earned by 13.14 percent women entrepreneurs. The lowest income of BDT 0.1 million per month was earned by 25.89 percent women entrepreneurs. The majority of women entrepreneurs (31.59 percent) earned BDT 0.2 million per month followed by 12.08 percent who earned BDT 0.3 million.

### **Women in small-scale trade**

Consistent with global patterns, women-owned enterprises are more likely than that of their male counterparts to be small, informal, and home-based. For example, 97 percent of the non-metropolitan women-owned enterprises in Bangladesh are home-based compared to only 25 percent of enterprises owned by men. Given this context, it is important to examine women's engagement in small scale and "informal" trade, the factors that affect such engagement, and the opportunities that crop up due to the informal nature of the businesses. Most of this small-scale trading is within the country and some of it is cross-border.

## **Women in border haats**

The governments of India and Bangladesh have taken initiatives of establishing **local border markets, known as border haats, to formalize informal trade activities facilitating trade between small scale industries and farmers, with a view to generate market opportunities for them.** Both Bangladesh and India have felt an immediate impact in border area development, boost in livelihoods and opportunities and also formalization of informal trade. The border haats are supervised and operated by the border security agencies of the two countries. The role of women traders in the border haats seems to be limited; male traders usually dominate the market.

**It needs to be noted that the trade through border haats are supplementary, and represent just a very small portion of the main regional trade.** The 2013 MoU on border haats between India and Bangladesh has been renewed recently on the 8<sup>th</sup> April 2017 for a five-year period and has been modified to increase the number of vendors and limit for expenditure has been doubled to USD 200 per day. The amount of trade conducted through the border haats was minimal in 2015–16; the value was only USD 1.5 million compared to an overall USD 6 billion trade value in the same year.

A recent World Bank study reports that the **border haats have had a positive impact on the local welfare, through a gain in income and creation of livelihood opportunities, improved cross-border relations and a reduction in informal and illegal trade.** Though the volume of trade through the border haats is insignificant compared to overall trade between the two countries, the positive aspects contributing to peace and relation-building are considered strong enough to consider scaling up the initiative. When considering women's participation, the border haats show a stronger participation of women from the India side than on the Bangladesh side. This can be attributed to the socio-cultural context of whether women are tribal or non-tribal. The WB study reports that the tribal women participate more as entrepreneurs, as seen in the Meghalaya border because of the matrilineal structure of their society. There has been some proactive initiative of some of the local Border Haat Market Committees where a quota of the vendor cards is given to women to increase their participation in the haats. Positive case studies of women vendors need to be recorded to find what initiatives can be scaled up to increase women's participation in the haats.

## **Women entrepreneurs and exports**

Various studies, interviews and observations show that **women-owned firms are far less likely than male-owned firms to be involved in overseas trade**. A few surveys provide useful information about women entrepreneurs' involvement in cross-border trade and the barriers they face in entering this area. A study of Bangladesh Women Chamber of Commerce and Industry (BWCCI) conducted in 2008 found that most women entrepreneurs only cater to the local market and that their trade is related to the local and national market only. Only 15.6 per cent of the women entrepreneurs are involved in export-oriented sectors. A more recent survey in 2014 by SANEM found that of female-owned or female-operated firms in the textile, apparel, and agro-business industries none of the firms are directly involved in cross-border trade. They are indirectly involved in trade by either supplying to small-scale exporters or using imported raw materials. Some entrepreneurs in the textiles and apparel industry engage occasionally in informal trading. Despite the women entrepreneurs' minimal involvement in cross-border trade, they appear to be aware of where their products are exported to and which countries their raw materials are imported from.

**The main reason for the inability to capture exports directly is the small size of their firms.** Furthermore, insufficient capital and difficulties in obtaining bank loans makes it challenging to engage in exports. Another reason for not engaging in overseas trade is lack of interest since the women entrepreneurs enjoy high margin and high growth prospects in the domestic market.

Another survey focused on Export Processing Zones examined the barriers that women entrepreneurs face in terms of investing in these zones. This study found that the **barriers include access to capital and land; skills and business-management knowledge; identification of markets, marketing products, and export-specific knowledge; intimidating, time-consuming, and bureaucratic administrative requirements for starting a formal business** access to a business network; location and distance of zones outside of cities; and confinement to small businesses in female-dominated sectors.

A BWCCI study on women entrepreneurs carried out in 2008 found that **participation in trade fairs significantly contributed to strengthening their capacity**: 85 percent of the respondents who had the opportunity to participate in trade fairs mentioned that it had a positive impact on their business development.

## **Examples of Women Entrepreneurship**

Despite achieving a modest progress in women empowerment and holding the 10th position among 136 countries in women empowerment, Bangladesh still struggles to provide a favorable environment for women in terms of empowerment and economic engagement. Women continue to face challenges and hurdles that their male counterparts do not. As per the demographic structure in Bangladesh, around 49.9% of the country's total population is women, of which only 18.2 million are economically active. Again, amongst the total employed population, only around 29% is female. Encouraging women in economic activities, and creating space for them in such activities, therefore, assumes a great urgency, especially to ensure a smooth running of the wheels of the economy.

It is noteworthy that despite many barriers, a new women's entrepreneur class in the Small and Medium sector has developed in the country taking on the challenge to work in a male-dominated, competitive and complex economic and business environment. It has been found that at present women entrepreneurs constitute more than 10% of the total business entrepreneurs in Bangladesh.

Each area of Bangladesh has a distinct cultural heritage in products, designs, styles and utility. These are maintained by women in their efforts for preservation. Nakshi Kantha, embroidered by women tell the tales of the past or the women's thinking, incidents, stories of lives, which remain as memoirs for them stitched in with colourful thread to preserve their untold stories, incidents or thoughts. Most of these designs are stitched without any design printed on the cloth, since the rural women stitch during their spare time on their own and enjoy their endeavour as they stitch designs or subjects of their untold stories on cloth with simple "running stitches".

Innovations in designs are constantly kept in focus to attract buyers with new and innovative ideas and shapes. Designs differ in urban and rural areas along with colour, shape, utility and fashion. Tastes differ in every area. Urban users prefer modernity and sophistication while rural people still cling to and preserve the old culture with ancient values and design.

Sonargaon wooden dolls, long-eared elephants and horses on wheels are fading away as the young generation prefers modern items with innovative designs. The old masters along with their wives fail to fulfill the wants of the new generation and thus remain idle with only a few products, which were a booming business for them even two decades ago. With modernisation the urge for the old disappears since sometimes these are felt to be useless for life.

Woodcrafts usually by men are also made by women now but in smaller sizes. Similarly, are the situation of the bamboo baskets, fans, trays and bowls which have been preserved through generations. Marma women of the tribal community are still active with their bamboo products, since bamboo clusters still exist in these localities. Though export orders remain for these bamboo items, lack of raw material prevents regular export supply.

Women today have ventured towards agricultural activities since it has been observed that male farmers in many places are shifting towards various other professions due receiving less return from agriculture. This has resulted in women's participation in not only cultivating crops in the fields but also planting vegetables, participating in storage and also marketing of crops and vegetables. This is a new area of activity for the women in the rural areas but this arrangement has brought in a new vigour for women's agricultural performance.

Women were restrained from many traditional activities in early times. Hand weaving, clay product making in turning bowls, are now regularly produced by women along with the male family-members of the households. However, marketing of these products are usually performed by the males. Hand weaving has now emerged through women, and handloom products, textiles and saris are now woven and marketed by women in Tangail, Manipur of Sylhet and the Chittagong Hill Tracts, preserving age-old traditions and weaving procedures.

Women participate more in SME products than large industrial items due to lack of finance, knowledge and other related requisites. Women entrepreneurs in SME are involved in manufacturing, export, import, and sale of items. Other activities involve preservation, packaging, production, advertisement, event management, food preparation, stitching, embroidery, beautification, beautician and skin care and utility services as door to door supply.

Publicity of women's products is undertaken through advertisements, brochures, banners and leaflets.

New areas for business have emerged with training, business meets, foreign trade participation. Women have ventured to produce items previously manufactured only by men. These include manufacture of cosmetics, ready-made garments, preserved food, packaging, printing, batik works, wax items, wood crafts, bamboo works etc. Heritage is preserved in and maintained in SME products, especially in terms of designs, product style, colour composition and shape identification. Cultural norms and dignity are focused with household items, which have been carried on for generations in particular areas or Problems of raw materials arise frequently with the lack of cultivation of cane, bamboo and trees—most of which are disappearing due to unavailability of raw materials. Food preservation, packaged food items, food preparation, bakery are in high demand by women in SMEs since bakery shops, food houses, hotels, cafeterias and school Tiffin programmes inspire the women to provide them the required items. Many women provide lunch boxes to offices for their officials, paid through monthly bills. Since women don't usually provide adulterated food through corrupt practices, people prefer this home-prepared food.

Dress making, embroidery, boutique-shop ownership, cut-piece sales are popular among the women and many have turned into international fashion designers, having graduated in these subjects. Block printing, batik works, dress paintings are popular among the teen-agers.

The sector wise ownership of the women entrepreneurs has been obtained from the survey in line with the information and issues provided by the Ministry of Industries through the SME Foundation. The greatest number of women entrepreneurs were involved in Designing, Aesthetically-Challenging, Personal Wear and Effects. Knit-Wear and Ready-Made Garments, Agro-Processing/Agro-business/Plantation/Agro-Specialist Farming/Tissue Culture. The largest ownership of the women entrepreneurs belonged to various other trades which were easier to operate and also had good market. These included Handicraft Manufacturing, Tailoring, Block and Batik works, Embroidery, Catering Services, Food and Confectionery, Beauty Parlours,

Fitness Clubs, Construction Works, Publishing, Printing, Pharmaceuticals, Cosmetics, Toiletries, Health Care and Diagnostic Centres, and Education Services. The lesser ownership of women were in Electronics and Electrical Enterprises, Soft-Ware Development Firms Light Engineering and Metal-Working, Plastic and other Synthetics, Leather-Making and Leather Goods. Since these sector activities were new for women and mainly dominated by men, few women went into these trades as they did not have sufficient knowledge, information and skill on these trades including production and marketing process.

Trade fair participation has increased for women with their products for sale and exhibition. Women regularly join trade fairs abroad and export their products to various countries. They also import products from foreign nations according to the needs and availability. Dhaka International Trade Fair has assisted women entrepreneurs to exhibit and initiate sale of their products through participation and publicity. The rural areas predominantly focus on village trade fairs called “Melas”, which are held on festivals as Pahela Baishakh or religious occasions such as Eid and Puja. Women prepare their products throughout the year to participate and sell in these festivals, which sometimes seems to be the annual sale of indigenous artifacts in rural areas. SME products are always on demand as cost of these is reasonable and affordable by all. Moreover, SME products are greater in number than large industrial items. Both handmade and mechanised or industrial products fall in the SME category through the SME Service Sector items as catering, advertisement, IT sector, which have developed to a great extent. SME loans are essential for women entrepreneurs to initiate business and also expand their existing ventures. However, as banks require authorisation through the signatures of guarantors, many women fail to receive loans, as many family members refuse to be guarantors. Moreover, due to high interest rates, women often face hazardous situations in continuing their ventures with financial constraints. All the banks don't accommodate the problems faced by the entrepreneurs and women face harassment in loan accumulation.

However, in spite of these achievements, the real value of women participation and contribution is not fully recognised in the society. Differences and inequalities between women and men exist in terms of opportunities, rights and benefits. These include poor access to market, information,

technology and environment. In spite of these, not only have Bangladeshi women entrepreneurship improved their living conditions and earned more respect in the family and the society, but they have also contributed to business and export growth, supplies, employment generation, productivity and skill development.

### **Impediments to Women Entrepreneurship Development:**

Majority of people generally do not like women to be in business, and that is the main impediment for the women to enter into business activities and also to become successful in business. Some faced difficulty in getting cash payment from wholesalers, the problems of illiteracy and lack of knowledge, the troubles created through the teasing of women entrepreneurs by young people, the pressure and demand of unusual tolls which created crisis in business transactions, and the conservativeness of the society and the general public regarding women's business involvement.

**Women are often victims in business, when actual prices are not paid.** The greatest hurdle occurs with the middle-men, who order goods at lean period with low prices and avail the goods during peak seasons with payment of lean season prices. Many women manufacture products but are unable to market due to family restrictions in venturing out of homes and in keeping family traditions. These entrepreneurs have to suffer the burdens of payment loss created by cheating attitudes of middle-men.

Shop-keepers harass women in payment of their sold items. Bus conductors annoy entrepreneurs while carrying products to cities from rural areas, many face insults from males during selling attempts, artisans or workers often leave without information, and creation of new skilled personnel takes time. Women are cheated in payment and purchase of raw materials.

Women entrepreneurs' education levels were low according to earlier surveys. According to the MIDAS survey conducted in 2009, 97.29 percent of the women entrepreneurs had education from below SSC to Masters' Degree including some professional degree. Majority of the women entrepreneurs (30.63 percent) had education below SSC. 25.51 percent had passed their SSC and 21.55 percent had completed HSC. 14.98 percent were graduates, having B.A./B.Sc./B.Com degrees. It was found that only 4.44 percent had completed their Masters.

**The situation regarding women's access to technical and vocational training is disappointing.** There are gender disparities in enrolments-only 28 percent of students enrolled in technical and vocational training are female, and proportions are particularly low in the public sector educational institutions, as opposed to private institutions or nongovernment organizations (NGOs). Women's limited presence in technical and vocational training is one of the many factors that influence their employment patterns. The fact that the majority of women lack technical skills acts as a constraint for them to access opportunities resulting from trade and for progressing in export sectors where the majority of the workforce is comprised of women.

The MIDAS survey provides further information on the vocational or technical training received by women entrepreneurs. About 54 percent of the respondents informed that they had received training before business, 19.5 percent received training during business and 26.7 percent had not received any training. With regard to the type of training received, 38.5 percent women entrepreneurs had received training in sewing followed by training in beauty parlors (14.6 percent), block and batik printing (12.1 percent), poultry rearing (11.8 percent), dress-making (10.9 percent), handicrafts (6.7 percent) and embroidery (2.1 percent). Training on business development was taken by 7 percent women, followed by training on agro-based activities 1.2 percent. Food and confectionery training was taken by 1.2 percent women entrepreneurs. Non-traditional types of training included Design Development that was taken by 0.9 percent and export promotion by 0.2 percent.

**Compared to men, fewer women have education or knowledge of entrepreneurship:** according to IFC study conducted in 2011, seven out of ten women entrepreneurs say that they are self-taught compared to about four out of every ten male business owners. In addition, about 38 percent of women business owners compared to 19 percent of their male counterparts have no education. Financial literacy and business, management and marketing skills are a serious area of deficit for women entrepreneurs and traders.

**Lack of access to adequate resources leads to women entrepreneurs encountering multiple problems in effectively and sustainably managing their businesses.** According to the MIDAS

survey of 2009 , 87.9 percent of the women entrepreneurs mentioned lack of capital as the greatest problem in running their business. Among other problems were lack of marketing opportunities (21.3 percent); lack of raw materials (20.4 percent) lack of skilled workers (14.2 percent), lack of experience (9 percent), absence of training (8.7 percent) and problems of accounts (2.5 percent).

The MIDAS survey findings have also been corroborated by findings in other studies. For instance, one of the most, if not the most, important constraints is lack of access to finance. This is due to lack of collateral as well as bankers' negative attitudes toward women entrepreneurs and demands that they have male guarantors. Women-owned firms in Bangladesh are less productive than male-owned firms, although this is probably explained by factors such as sector of operation, size, and factor usage, are ultimately determined by access to resources.

**Women's access to institutions that support trade and entrepreneurship is still low** despite the fact that a number of government institutions exist particularly to cater to women entrepreneurs. According to the MIDAS survey (SME 2009), 29.4 percent of the respondents had approached government organizations supporting SME development: 62.0 percent had utilized the services of Jatiya Mahila Sangstha (JMS) for their business purposes. The Directorate of Women Affairs (DWA) was approached by 17.2 percent of the respondents. BSCIC, Ministry of Women Affairs, SME Foundation, Export Promotion Bureau (EPB), Ministry of Industry, Bangladesh Parjatan Corporation (BPC), National Board of Revenue (NBR) and Business Promotion Council (BPC) and other GOs were approached by 38.3 percent for the development of their business, information requirements, trade, technology and marketing necessities.

Various government, donor and non-government organizations have stepped up in order to facilitate women's access to resources for entrepreneurship and overall participation in income-generating activities. The most common support offered from government organizations was financial support received by 14 percent women entrepreneurs, followed by training by 13.3 percent women, consultancy by 2.8 percent women. 0.1 percent received business training, credit facilities, donation, service certificates from the ministry and various suggestions for their

business development, while about 1 percent informed that they did not get any support. However, there still exist a number of constraints preventing women from accessing relevant resources for economic activities. Women's access to resources for facilitating participation in trade and enterprise, given the prevailing context of constraints, are discussed below.

Access to finance and the productive use of financial services is key to furthering women's involvement in trade and entrepreneurship. Bangladesh is known for the success of its microcredit programs and the majority of those clients are women. The various measures taken to facilitate women's access to micro credit have shown an increase in women's mobility, their ability to make purchases and major household decisions, their ownership of productive assets, their legal and political awareness and participation in public campaigns and protests. However it is not the micro-credit loans that can facilitate or enable women to be involved in trading and exports.

**Women tend to face greater financial exclusion more than men from the formal financial sector.** Access to finance, particularly in the form of loans, along with high cost of borrowing is a significant deterrent to the business operation and growth of women-owned enterprises and to women's involvement in international trade. Inadequate access to starting capital is another impediment that women entrepreneurs in Bangladesh face. Other barriers include lack of information on national and international markets and lack of adequate infrastructure, such as, gas and electricity.

Women tend to have lesser mobility and there are cultural barriers about going to financial agents located in male-dominated markets. Real and perceived security issues exist, with sensitivity around sharing phone numbers with men who may well use the numbers to call after transactions and harass them.

**Financial offers by banks and MFIs are not appropriate for women traders and entrepreneurs.** Lack of awareness, low income/assets, social exclusion, and illiteracy act as barriers to accessing financial services from the demand side and from the supply side distance

from the branch, branch timings, cumbersome documentation and other procedures, unsuitable products, negative staff attitudes are common reasons for exclusion. These increase transaction costs and lower profitability. Formal credit markets could not provide adequate access to credit for the poor for several reasons e.g. lack of collateral, high income variability of the borrowers, small size of loans and high transaction cost. Women may not have the necessary documents to open a bank account such as national ID, photo, birth certificates. Most banks have a minimum balance requirement, charge a fee and require a reference letter for opening account, making it difficult for the poor, especially women, to open an account (Mujeri 2015).

**Women's experience of the financial sector shows that it is more difficult for them to penetrate the formal sector, avail of opportunities, and receive benefits.** The biggest constraint for women to access credit from the formal banking sector is the fact that women do not have the ability to provide collateral as most often property is not in their names and even if it is then they may not have the authority to dispose of the property as they would like. The lack of property is also related to unequal inheritance rights for Muslim women and absence of rights for Hindu women. However, other social attitudes also discriminate against women even if they do have property – they are asked if their husband approves and supports their enterprise.

**Export Finance is one of the main constraints for women traders and entrepreneurs.** The financial sector faces problems in assessing the credit worthiness of traders. There are two public sector mechanisms for promoting access to finance, especially for small firms: the foreign currency revolving funds (e.g. the Export Development Fund managed by the Bangladesh Bank) and pre-shipment export finance guarantee schemes. The revolving funds provide finance for imported inputs based on the exporter presenting a letter of credit which allows the exporter's bank to access foreign exchange to pay for the imports. The guarantee schemes cover exporters manufacturing non-performance risks and are generally targeted at small firms and new entrants to export that have difficulties satisfying bank collateral requirements. These trade finance mechanisms have been designed to comply with WTO regulations to ensure that they are not in violation of being considered as subsidies which are conditional on export.

Government subsidies in support of economic activities include direct payments or grants, tax concessions, soft loans and government guarantee and equity participation. These may be firm or industry specific with sector specific support having economy wide objectives. While many women are not able to avail of promotional schemes that Bangladeshi banks have in place due to lack of knowledge, additionally, the collateral and other requirements necessary to apply for a loan are also not feasible for women. **The banks and MFIs may not be properly sensitized to needs of women traders and entrepreneurs and therefore do not offer appropriate credit lines. Private banks are more reluctant than government banks to follow central bank guidelines on lending to women entrepreneurs.**

In recent years, the government has implemented a number of programs for bolstering women's access to finance. Bangladesh Bank (BB) encourages all banks and FIs to provide loans to women entrepreneurs at 10 percent interest rate. A dedicated Women Entrepreneurs Desk has been established in the SME & SPD of BB and all the banks and financial institutions have been directed to do the same. They have also been instructed to reserve 15 percent of total SME funds exclusively for women entrepreneurs. An amount of BDT 6.43 billion has been refinanced to Women Entrepreneurs until the end of June 2013 against 8,358 enterprises. For providing assistance to women entrepreneurs, an allocation of BDT 1 billion was made for Women Development Fund in the budget for FY 2012–13. Against this allocation, a 2-year long program at a cost of BDT 0.1 billion has been taken up in 2014 fiscal year for imparting training to women entrepreneurs.

However, these programs have not been as effective as planned. According to IFC, even though increase in women entrepreneurship was evident, considering formal financial institutional channels over the period 2010–14, loans to women-owned enterprises stalled at around 3 to 4 percent of the total SME portfolio. While the number of women entrepreneurs accessing finance amplified from the 2010 figure of 13,723 to the 2014 figure of 42,730, loans to women SME entrepreneurs grew at a compounded annual growth rate of 17 percent during 2010–14.

A number of studies find gender gaps in women's access to land and other types of productive assets including machinery and large livestock. For the most part, such gender gaps in access and/or ownership pertain to discriminating socio-cultural norms that result in women transferring control of productive assets to male family members. Despite about 23 percent of women being agricultural landowners according to the Bangladesh Household Integrated Survey 2011–12 in Bangladesh, barely about 4.6 percent were agricultural land holders in 2008 implying that women who own land may not be taking any significant decisions despite having ownership. In addition to low incidence of land ownership, women own a small percentage of land areas; women are the sole owners of only 10.1 percent of total agricultural land, and only 2.2 percent own such land jointly with men. **Women's lower access to land and their ownership of smaller plots of land undermines their ability to participate in trade-related opportunities. Furthermore, it leads to lower access to finance as land is often used as collateral.** Also, women who do not own land are not considered farmers, and hence, miss out on agricultural extension and information about new technologies. However, there are now institutional practices that consider farmers to be people who have use of the land and not only ownership.

**Women are also less likely to have ownership of productive assets.** For instance, some studies confirm that women have lower accessibility to fertilizers in rural Bangladesh. Also, even though the prevalence of agricultural mechanization is low in the Bangladeshi rural context, female-headed rural households had relatively lower access to mechanization.

Improved transport infrastructure, women's economic activity is facilitated by the availability of childcare services, but **in the context of Bangladesh, only a small proportion of employers provide childcare services for their employees.** According to the Labor Force Survey 2013, only 2.2 percent of female paid employees benefit from daycare facilities, with proportion being 4.3 percent in urban areas and 0.7 percent in rural areas. Thus, while women employed in the urban areas are, for the greater part, not being able to access such support services, the situation is worse for the rural employed women.

**Women are not able to access information with the same frequency, ease, and rate of success as do men, even though they are often interested in accessing public information.**

Regarding access to technology, considering computer, mobile phone, and Internet technology, women are lagging behind men. According to the 'Report on ICT Use and Access by Households and Individuals', Bangladesh 2013, for the population aged 15 years and above use of information and communication technology (ICT) was 4.5 percent for females and 8.7 percent for male by computer, and 82.8 percent by females and 92.4 percent by males by mobile phones, while access to internet of females was 6.2 percent and that of males was 10.3 percent. Initiatives such as the Village Phone Program by Grameen Telecom demonstrate how rural women's access to technology, can bolster their opportunities for income and thus their profits by enabling them to access information, to connect to markets, and decrease reliance on the middlemen.

**Due to gender roles women and girls have a disproportionate responsibility for unpaid care work within the home.** In 2012 Bangladesh Bureau of Statistics conducted a pilot time use survey in Bangladesh, which estimated the time spent by adults in different activities during 24 hours. Employed women in urban areas spent 1.2 hours more on paid or income earning work compared to employed women in rural areas, i.e. they spent 6.2 and 5 hours respectively. In both areas, this was less than the hours spent by employed men by more than one and a half hours. Rural women who were employed spent 3.6 hours on household and care work compared to 6.2 hours spent by women who were not employed, or nearly double the time. The same was true of urban women, though the overall time spent on household and care work was less than in rural areas. In contrast men spent around one hour on household and care work regardless of employment status, the most time (1.5 hours) being spent by employed men in rural areas.

Gender norms recognizing men as "breadwinners" and women as "caretakers" shape the division of labor and impact women's ability to be involved in paid productive work outside homes, especially since they are restricted in time and mobility. It is found from a survey conducted by the MIDAS that the majority of the women entrepreneurs (32.1 percent) said that the objections came from parents who did not want them to enter into business. 5.5 percent had problems with children who did not like the idea of their mother becoming entrepreneurs. 11.3 percent

mentioned objections from in-laws, and 9.6 percent complained of objections from husbands who did not want them to become entrepreneurs. About one fifth (19.7 percent) of the women entrepreneurs were previously not interested in becoming women entrepreneurs themselves.

The **attitudes to women's work and mobility outside the home are now changing** with larger number of women entering government services, professional life and both formal and informal employment. The large number of women who have entered the garments industry have transformed the way society views women's work as well as migration, with women's earnings being seen as important for the household's wellbeing and it being justified for women to participate in public life to ensure this. Professional jobs, government jobs with security and privileges (such as pension), and desk jobs have become increasingly attractive for women and their families. Despite all odds, hundreds of women entrepreneurs in SME have emerged successful in their ventures and have built up their business with patience and perseverance. They are earning successfully, providing products with care and concern, and assisting in the economic development of the nation. SMEs, through cultural heritage, can be carried down through generations and become a pivotal issue for the nation. Women in SME have held the flag high with their courage and unending attempts to achieve accomplishments. We salute these fearless women who have emerged as torch-bearers of triumph to initiate and encourage others to follow to a successful life in the SME world.

## **Facilitation of exports by women traders through Bangladesh Regional Connectivity Project (BRCP)-1**

In order to increase the number of women in trade, there should be more enterprises headed and managed by women. This can be achieved by increasing the number of women in production, management and marketing. Increasing the number of women engaged in regional trade will entail supporting women's entrepreneurship and supporting production of the potential tradeable goods. While women's involvement in traditional sectors should be supported (dairy, agro-processing) non-traditional sectors with the potential for breaking gender stereotypes should be promoted. No doubt trade policies need to become gender-responsive, but other measures not directly related to trade are also necessary if both women and men —and the economy as a whole — are to reap the full benefits of trade expansion.

There are both challenges and opportunities for Bangladeshi women to be involved in production, as entrepreneurs and exporters, which are similar for women in global and regional trade. While the challenges that need to be tackled in order to increase women's participation in the workforce and around cross border trade are multi-faceted, there is a need to recognize and build on existing opportunities. A few of the key factors identified are highlighted below.

**Increasing women's involvement in production:** Women dominate the informal sector with a gender segregated labor market where factors such as uneven care-work burden and inadequate infrastructure and security make it difficult for women to participate on equal terms. Opportunities include the fact that roles for women are changing; some industries have increased employment of women at factory floor and supervisory level and larger enterprises have improved compliance with good labor practices which are especially beneficial for women.

**Increasing women's involvement in enterprises:** Women face social and cultural constraints; lack of access to information; lower rates of tertiary and technical education; poor market linkages; difficulties in accessing finance; inadequate skills training. Opportunities include the fact that women entrepreneurs' associations are providing support to women entrepreneurs; there

are special finance schemes undertaken by the financial sector; more appropriate skills development is being cultivated; there is greater internet coverage and increased access to smartphones and women's entrepreneurs' associations have an increased presence and influence at national level.

Finally, there are various challenges and opportunities to increase women's involvement in export trade. Challenges for potential women exporters include the lack of soft skills; lack of information about export markets and international demand; lack of familiarity with trade procedures and barriers; small size of firms, insufficient capital and difficulties in obtaining bank loans; corruption and bribery. Challenges on the government policies and procedures side include the fact that trade policies do not make sufficient provisions for women; there is limited participation of women in trade and policy negotiations; limited participation of women in trade associations and chambers; border environment is not gender-friendly; responsibility within government for international trade is scattered and uncoordinated; and the regulatory environment is complex (difficulties in "ease of doing business").

Opportunities on the side of potential women exporters include increasing participation in trade fairs; support from WEA Associations to build capacity; establishment of bodies such as the SAARC Women's Entrepreneurs' Council; enhanced capacities and services of women's trade associations and chambers to address the needs of women entrepreneurs as traders; increased education and mobility of women. Opportunities on the institutional side include plans for the national single window; inclusion of women in trade negotiations and policy formulation; political and development rhetoric favouring greater regional trade; NTFFC being in place to facilitate and coordinate trade negotiations; the 7th FYP being pro-gender equality and seeking to promote women's entrepreneurship and participation in international trade.

The recommendations made address the general conditions for women's involvement in entrepreneurship and regional and international trade in the different sectors as well as sector specific ones. These include the following:

- Capacity building of government agencies to address women's involvement and representation in regional trade;
- Trade procedural reform including involving representatives of women entrepreneurs and producers in the development of national standards and certification systems and establishing a single window system for cross border trade with a special desk/portal for women traders;
- Involving women in trade negotiations and on the WTO committee;
- Increasing and supporting financial access through continued financial literacy and business education for women entrepreneurs; capacity development for MFIs and rural banks, particularly in the area of gender-sensitive financial inclusion; developing financial incentives for women exporters in collaboration with the Central Bank and monitoring and follow up of national policies and Central Bank initiatives providing special finances for women entrepreneurs;
- Gendering border management by providing for increased security and safety, setting up complaints mechanisms and providing appropriate infrastructure and access to public services;
- Facilitating women friendly infrastructure at the borders and customs posts, border haats (markets) and facilitating women exporters' participation in Special Economic Zones;
- Facilitating networking and access to information by women producers and traders and linkages with larger private sector firms responsible for marketing and exports;
- Strengthening of associations to promote women's involvement; facilitating selected sectoral associations to promote women producers and exporters in their sector and strengthening of the capacity of women chambers of commerce and associations of women entrepreneurs;

- Capacity development of women through skills building; providing information on government procedures; mentoring and handholding and nurturing young (start-up) firms (business incubation).

While it is acknowledged that there is great potential as well as an urgent need to encourage and facilitate the greater participation of women in enterprise and trade, the various barriers will need to be addressed by the private sector as well as the public sector in a concerted and holistic manner. Initiatives will need to be taken at the individual, community, and state level to ensure women's presence and voice becomes more prominent.

Coordinating the multiple trade-related agencies in any country is a complex resource-intensive task. Moreover, the trade-related agencies require support for analytical work and technical assistance to develop specific trade-related projects, as well as on-demand just-in-time support for trade-related transactions. To this end, Ministry of Commerce has initiated a project titled 'Bangladesh Regional Connectivity Project' to support activities or programs that support data collection on women's trade and entrepreneurial activities, as well as support capacity development to women in selected sectors with significant economic opportunities for women traders. The Project Development Objective is to lower time and costs associated with trade and improve infrastructure and conditions for trade along strategically important regional transport corridors.

## **PROJECT DESCRIPTION: Bangladesh Regional Connectivity Project (BRCP)-1**

This project has three interlinked components to support coordination for trade, economic empowerment and trade promotion for women and digital information services to business sector. The brief of these three components are illustrated below:

### **Component A: Support the (Inter-ministerial) National Trade and Transport Facilitation Committee**

To strengthen trade-related institutional capacity, this component will finance support to strengthen Bangladesh's National Trade and Transport Facilitation Committee to ensure active and sustainable cooperation between multiple trade-related stakeholders and finance on-demand technical studies for specific topics that enhance trade.

### **Component B: Develop (pilot) programs to support female traders and entrepreneurs**

This sub-component will support activities or programs that support data collection on women's trade and entrepreneurial activities, as well as support capacity development to women in selected sectors where there are significant economic opportunities for women. Successful pilots can be scaled up in follow-on operations.

The following activities have been included in this component:

**1. Diagnostics and Scoping:** There are numerous studies on women's social and economic empowerment based on NGO activities. Many of the studies mostly focus on violence against women and voice of women in decision making. However, none of these shed due light on participation of women in trade. While Bangladesh has made significant progress in girls' education, in comparison to this, women's participation in career-oriented activities is not as expected. Given Bangladesh's growth agenda as per the Seventh Five Year Plan, equal importance have to be given to ensure participation of women, comprising 50% of the total population, in all spheres of life. Therefore, there is a strong need to understand the following issues of specialized sectors considered potential for export trade of women entrepreneurs. The

project will conduct in-depth study encompassing the following agenda items of three specialized sectors, agro-processing, cut flower and ICT.

- Current involvement of women in prospective value chains as identified in diagnostic trade integration studies,
- Policy bottlenecks and investment climate issues, including licensing and procedural measures hindering participation of women in mainstream macro-economic activities,
- Women's access to information and services offered in general to business,
- Capacity of women traders to availing ICT-based services,
- Infrastructural needs for- women traders to access potential markets,
- Need for skill development and access to semi-automated technology fostering productivity, Need for support facilities to encourage women at work.

**2. Networking** through a) Creation of Women Traders Network serving as a platform to connect with others, b) Database of women traders: The project will develop a database of women traders and entrepreneurs who are involved in income generating activities. While many women farmers are involved in horticulture, aquaculture, livestock, poultry and cottage industries, their contribution to economy are not accounted for due to lack of information. A database would also help other development partners to design and execute targeted activities ensuring economic empowerment of women. Policy makers can explore possibilities of last mile outreach through policy support to bring in more traders under formal economy. Gradually a common platform for women traders can be formed, which will help small-scale producers to connect with their larger counterparts.

**3. Making investment climate work for women and addressing the barriers:** Given the multiple challenges women face in starting a business, getting access to utilities, paying taxes, access to credit, access to serviceable land, trading across borders, the project will diagnose the current condition and design interventions to make investment climate work for women traders. Since these issues are closely inter-linked, possible support areas may include orientation and training on obtaining licenses and permits for doing business in Bangladesh, policy reform for

simplified procedures (for procurement, crossing borders etc.), drafting and compilation of rules and procedures, capacity development for use of ICT-based solutions, setting up of government to business service centers for women among others. The project would also look at barriers and procedural issues that affect women and suggest possible solutions to address for example licensing issues and credit without collateral.

**4. Skills development connecting women traders to global value chains:** Bangladesh has a rich history and tradition of women in numerous crafts and primary homestead agro-processing. Introduction of intermediate technology and developing skills of women producers can significantly improve their capacity to process bulk orders and get them connected to potential global value chains. Off late, women are increasingly participating in ready-made garments, electrical and electronic goods, footwear and even furniture manufacturing industries. The project can take a phased approach for piloting and scaling up productivity enhancing activities to foster empowerment of women producers and thereby contributing to their participation in global value chains, where feasible.

**5. Feasibility study for development of infrastructure and support facilities for women traders and workforce:** Based on findings of the diagnostics and scoping study, the project can identify trading hubs, local haats, land ports and customs stations where infrastructure development will immensely contribute participation of women in trading.

The project aims to increase coordination amongst all border clearance agencies for issues related to trade and transport facilitation. It also aims to provide equitable opportunities for women traders through awareness, skills development and competitive access to inputs critical for production and export diversification.

6. The project has an extensive plan to enhance the capacity of women traders who will have potential to promote export in regional and international markets. The training focus has been initially outlined in the TAPP, however are hereby now detailed out. The focus of the training will be as follows:

a. Training on three specialised sectors—Agro-processing, Cut flower and ICT. This sectoral training will be supplemented with a crosscutting area- trade procedure and access to resources and technologies including project management and other relevant issues that are critical for trade facilitation. The capacity building activities will have concentration on successful promotion of export in the three specialised sectors through enhancing capacity of female traders. The major focus of training will include but not limited to ICT based solutions, obtaining licenses and permits for doing business, introduction of intermediate technology and productivity enhancement;

b. The areas for training in the Agro-processing, Cut Flower and ICT sectors would include but not limited to following areas:

- i. Product development and productivity improvement
- ii. Value chain development
- iii. New technology introduction;
- iv. Contract farming and group based marketing
- v. Improvements in sanitary and phyto-sanitary standards;
- vi. Entrepreneurship development;
- vii. Exploring diversification of products;
- viii. Post-harvest management including cold chain management;
- ix. Improvements in the transportation, packing and storage facilities ;
- x. Exploring IT markets and IT product development.
- xi. Marketing of products in export markets;
- xii. Networking, marketing, bargaining and negotiations.

- c. The areas for training in the cross-cutting area may include following areas:
  - i. Financial literacy and management;
  - ii. Knowledge of rules and regulations for setting up enterprises;
  - iii. Women's rights in access to bank loans and services;
  - iv. Soft skills, such as communication, negotiation, time-management, respecting deadlines and commitments;
  - v. Development of business proposals;
  - vi. Human resources management, administration and leadership
  - vii. Banking, border and customs related issues;
  - viii. Exploring availability and use of resources.

The topics of stakeholders' training in cross-cutting areas will be flexible and the project authority will include or exclude areas of concentration based on the evaluation of training and feedback of participants.

In order to enhance the capacity, skill and knowledge of the NTTFC members, related officials in the MoC, Planning Commission, Implementation Monitoring and Evaluation Division, Economic Relations Division and the personnel working for the project to function efficiently and effectively, provision for various local and foreign training has been planned to be implemented under the project. Foreign training facilities is particularly planned to be extended to the officials who are directly associated with the project and who are related with planning, monitoring and evaluation functions. It will be used as one of the important tools to implement the project vision, for promotion of efficiency, higher productivity and optimal utilization of human resources of the project.

## **Expected Output of the overseas study tour cum training programme**

The foreign training cum study tour has been designed for some of the NTTFC key officials, representative of private sector and MOC officials to enhance their knowledge base and sharing experiences of developed countries in promoting women entrepreneurship as well as promotion of exports by women traders in selected sectors.

The orientation lectures to be arranged by different institutions in Germany and the Netherlands will enhance the understanding about the experience of European countries in addressing challenges of women entrepreneurship development, the state supports to women entrepreneurs and best practices in these countries for promotion of women led businesses.

The delegation will have direct experience about the development of women entrepreneurship and operational activities of leading women led businesses. Apart from women entrepreneurship development the delegation will have specific orientation about businesses in agro-processing including cut flower and ICT sector in European countries, especially in Germany and the Netherlands. The delegation will explore the potential of export of agricultural products including cut flowers and ICT services by Bangladesh women traders in European countries. The delegation will also have discussion with European traders about promotion of joint venture enterprises in Bangladesh and European countries.

Finally, the delegation will have a detail orientation about regulatory regime for trade in European countries and opportunities for women traders in developing countries to have preferential access to European markets. The delegation will also identify potential sectors for export by Bangladesh Women entrepreneurs in European countries.

It is expected that this foreign training cum study tour programme will facilitate promotion of export by women traders in selected sectors through enhanced knowledge and experience of the project implementing agency and relevant government officials as well as private sector representatives. This will also address the knowledge and experience gaps of project

implementation unit to further expedite implementation of different activities of the project for women entrepreneurship development in Bangladesh. The export potential of Bangladesh women exporters will also be facilitated through the blend of European and local knowledge and experiences. This will finally assist implement the project vision, promote efficiency, higher productivity and optimal utilization of human resources of the project.

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