

The Women Entrepreneur Support Fund in Bangladesh: Challenges and Prospects

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Abstract—Gender is about equal rights that both males and females having access to responsibilities and opportunities in decision making is a fundamental human right. It is also a precondition for, and a mark of, sustainable people-oriented development. In Bangladesh, women have fewer opportunities than men do to access credit from banks and financial institutions. Entrenched patriarchal attitudes, unequal inheritance rights, and male-dominated hierarchies in the financial system, plus high interest rates and a lack of security/collateral, make it harder for women to obtain bank loans. Limited access to institutional credit is a serious restraint on the productivity and income of women entrepreneurs, (and the wider economy). These gender-biased and structural barriers inhibit women’s access to fundamental economic rights. Using a liberal feminist theoretical lens, this study provides some useful insights into the relationship between gender inequality and entrepreneurship, leading to a better understanding of women’s entrepreneurship development in Bangladesh. Recently, the Bangladesh Government, the United Nations Capital Development Fund, and Bangladesh Bank opened up the Women Entrepreneur Support Fund (WESF) – Credit Guarantee Scheme (CGS) pilot project to cover collateral shortfalls for women entrepreneurs in the small and medium enterprise sector. The aim is to improve gender equality and advance women’s rights in relation to receiving credit. This article examines the challenges and prospects of the WESF-CGS, and suggests that implementation of measures in WESF-CGS policymaking, coupled with a combination of legislative and regulatory reforms that implement the fundamental tenets of liberal feminism, can lead to a comprehensive and effective credit policy to boost women’s agency and economic empowerment. This may ultimately lead to more sustainable development in Bangladesh.

Keywords—Bangladesh, CGS, liberal feminist theory, women entrepreneur support fund.

I. INTRODUCTION

ENTREPRENEURSHIP (see Appendix 1) enables women to gain economic independence, which helps ensure their fundamental rights. Research shows that economic freedom allows women to pursue and assert other rights, and is indispensable to the development of the society as a whole [1]. Women’s economic empowerment has a multiplier effect on sustainable development [2], [3]; it raises productivity and significantly improves children’s health, nutrition, and education. It gives women greater influence, and leads to improvements in women’s quality of life and children’s wellbeing [4], [5]. Continuing reduction of gender inequalities will help improve women’s empowerment and lead to economic growth and more sustainable development [6], [7].

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In Bangladesh, the contribution of women in socioeconomic fields has improved substantially during the last few decades [8], but inadequate policy support and traditional values and social structures have inhibited this improvement [9]. Gender bias is embedded in organizations and workplaces and leads to marginalization of women, weakening growth in employment and economic development [10]. Too few women are entrepreneurs and business leaders [11]. In 2010 and 2012, the Global Entrepreneurship Monitor estimated that in Ghana 55% of total business enterprises are owned by women, and in Russia 44% [12], [13]. In Bangladesh, the rate of women entrepreneurship is only 3% to 4% [8]. According to the 2013 Survey Report of Bangladesh Bureau of Statistics, micro, small and medium enterprises constituted 99.93% of businesses in Bangladesh, but only 7.21% of them were owned by women [14].

In recent years, the Government of Bangladesh, Bangladesh Bank (BB), the Central Bank of Bangladesh, and the Asian Development Bank have increased financial support for women-owned cottage, micro, small and medium-sized enterprises (CMSMEs) [6], but improvement has been slow. During 2010-2018, banks and financial institutions (FIs) in Bangladesh disbursed many loans, but data reveal substantial gender inequalities [6]. The total loaned value going to women has been small and static – between 3% and 4%. Women get fewer loans than men, and, the loans they get are smaller (Table I) [6], [15]. This lack of progress has been despite various announcements and initiatives taken by the Government of Bangladesh and BB (see Appendix 2).

TABLE I
AVERAGE LOAN SIZES, MEN VERSUS WOMEN, IN THE CMSMEs SECTOR;
BANGLADESH, 2010-2019 [6], [15]

Year	BDT per woman ^a	BDT per man ^a	Difference	BDT per woman (as percentage of BDT per man)	Ratio, BDT per man/BDT per woman
2010	1316	1754	438	75	1.33
2011	1227	1707	481	72	1.39
2012	1281	1517	236	84	1.18
2013	803	1165	361	69	1.45
2014	922	1947	1025	47	2.11
2015	1353	2080	727	65	1.54
2016	1282	2303	1021	56	1.80
2017	886	2273	1387	39	2.57
2018	958	2445	1486	39	2.55
2019	1077	2256	1179	48	2.09

^aActual lending per recipient

As the years pass, gender-based differences in lending practices remain. “Women are excluded from accessing working capital that would let them participate in financial

markets or develop and run a business” [6]. Women have fewer opportunities than men do to obtain institutional credit [6], [7]. Reasons include: lack of legal documentation, lack of experience in preparing loan proposals, lack of collateral, and lack of personal guarantee – the husband or father of the family must guarantee loans to women. This is unacceptable. Clearly, “equality of rights for men and women, central to liberal feminism, is not in place in Bangladesh” [6]. Hence, liberal feminist theory offers some useful insights into the imbalances of gender and entrepreneurship in women’s entrepreneurship development in Bangladesh [12].

In microcredit programs in Bangladesh, credit provided to women has bigger impacts than credit provided to men [16]. Over 75% of the loan recipients of microcredit programs are women, and they repay 85% of loans [17]. Further, research by the Global Banking Alliance has confirmed that women clients’ microfinance and commercial banking payback rates are good compare to male borrowers [18]. Nonetheless, in a 2016 study, BB noted that only 10.4% of branches of banks and FIs delivered loans secured by group-based or social security to women [19].

Recently, the Bangladesh Government, the United Nations Capital Development Fund (UNCDF) and BB began a pilot project, the Women Entrepreneur Support Fund (WESF) as a Credit Guarantee Scheme (CGS) under the Local Finance Initiatives Support to SMEs in Bangladesh program. The aim is to cover collateral shortfalls for SME women, and so improve gender equality and advance women’s rights in obtaining credit.

The WESF-CGS fails to address basic societal attitudes to women’s ownership and use of property, and the gender gap in CMSME financing remains. However, by modifying the WESF-CGS and making some legislative and regulatory reforms, we can boost women’s agency and economic empowerment. How this can be done is explored in this article.

II. THEORETICAL FRAMEWORK: LIBERAL FEMINISM

Both males and females should have access to benefits, responsibilities and economic and social opportunities in decision making. This is acknowledged in articles 7, 17(1), 17(2), and 23(1) of the Universal Declaration of Human Rights (The Universal Declaration of Human Rights 1948. New York, The United Nations General Assembly, United Nations 1948) [7]:

- ‘All are equal before the law and are entitled without any discrimination to equal protection of the law. All are entitled to equal protection against any discrimination in violation of this Declaration and against any incitement to such discrimination’ (Article 7).
- ‘Everyone has the right to own property alone as well as in association with others’ (Article 17(1)).
- ‘No one shall be arbitrarily deprived of his property’, which should be ensured by the rule of state law (Article 17(2)).
- ‘Everyone has the right to work, to free choice of employment, to just and favourable conditions of work

and to protect against unemployment’ (Article 23(1)).

These are fundamental rights, and are preconditions for, and marks of, sustainable people-oriented development [20]. Further, the UN Convention on the Elimination of all Forms of Discrimination Against Women (CEDAW) in 1979, and the Beijing Platform for Action at the fourth World Conference on Women in 1995, put forward principles of the equal rights of women and men and of non-discrimination based on sex, as a step to ensure the fundamental rights of all individuals. The enforcement of the human rights framework and the rights of women as adopted by the UN would lead to the sharing of power and responsibility between men and women. Such an approach accords with a liberal feminist viewpoint. The liberal concept of human rights provides a crucial starting point for the accomplishment of gender equality.

Liberal feminism is rooted in European liberal philosophical beliefs. The liberal feminist argument was first expressed in eighteenth century Europe, and advocates equality, entitlement, and individual rights [21]. The pioneer liberal feminist thinkers include Marry Wollstonecraft (18th century), John Stuart Mill and Harriet Taylor (19th century), Betty Friedan, and Rebecca Walker (20th century). All claimed that men and women are equal, and that rational capacity, not sex, is the proper basis for individual rights [22]. However, because of constricting socialization processes, women were not equally entitled to men and to the opportunities and benefits of development [23].

Liberal feminist theorists noted that male-controlled management and society impose legal and structural barriers that prevent women back benefiting from power, opportunities, and resources in education, training, experience, social and business networks, and property rights. “Conservative thinking and gender-segregated education ... created gender divisions that restricted women’s opportunities for economic participation” [6], [7]. This is why countries with high growth in women’s higher education have more women in entrepreneurial activity and labor markets than countries with low levels of education [24]. When men and women have similar education, abilities, motivations, opportunities, experiences and drives, gender still makes an important difference because women suffer financial discrimination [12], [25]-[27].

Access to capital also limits women’s entrepreneurial options. A business start-up is usually financed by a commercial bank loan. Most small businesses start with funds borrowed from family and friends. Women are less likely to have a home mortgage or property title solely in their name, so they have less collateral and capital [22]. Male entrepreneurs share networks with more high-status professionals, such as bankers and lawyers, than do women. Women have fewer chances to gain managerial, industrial, and entrepreneurial experience, and fewer chances to build the networks that connect them with opportunities [28]-[30]. These factors cause women’s businesses to suffer from initial under-capitalization [31], [32], which leads to underperformance [25], [26]. Watson [33] documents that the relatively poor performance of Australian women entrepreneurs is related to lack of start-

up capital. In short, existing social conditions make it harder for women to obtain adequate capital. Lack of capital causes businesses to fail, giving female-led businesses weaker networks and poor reputations. This then makes it even harder for women to obtain adequate capital – a vicious circle.

Liberal feminism suggests that explicit legal and institutional barriers and systematic biases must be removed for women's participation in society to be more equal to men's [24], [22]. Liberal feminists are not revolutionaries, but revisionists who, far from wanting to destroy the 'system' as enjoyed by men, simply want to open it to women [34], [35].

The liberal feminist model has been criticized for devaluing the implications of the gendered division of labor in the home and workplaces [22], [23], [29]. Further, the model has often privileged the upper- and middle-class white women's experiences at the expense of all women [29]. Despite their limitations, liberal feminist theories have contributed greatly towards bringing about positive changes in the lives of millions of women and educating them to fight for and uphold their rights and socioeconomic status in society [36]. The liberal feminist approach may well represent an effective response to the persistence of legal discrimination and institutional barriers to gender equality [22]. Liberal feminism can be used as a role model for women's entrepreneurship development. For example, *The Equal Credit Opportunity Act of 1974* and the *Women's Business Ownership Act of 1988* in the United States of America were good policy initiatives growing out of liberal legal reforms, and have opened up unbiased lending opportunities. This has narrowed the gender gap in accessing and obtaining institutional and venture capital support – allowing more women to choose entrepreneurship as a career or a source of earnings. Robb and Watson [37] in a study in the USA found no significant gender differences (given the anti-discrimination legislation) between men- and women-owned newly established firms' performances in terms of survival rates, return on sales and profits, or in risk-adjustment ratios. Zolin et al. [38] agreed with Robb and Watson's findings while conducting a similar study in Australia.

The current study shows that women in Bangladesh have poorer access than men do to credit from banks and FIs, and uses a liberal feminist theoretical lens to explore the reasons [6], [7]. Apart from lack of implementation of existing policies, and entrenched male-dominated hierarchies and networks, together with the lack of security/collateral and high interest rates, make it harder for women to obtain bank loans [6]-[8]. The existing unequal inheritance rights of women in Bangladesh inhibit their access to that collateral so essential for entrepreneurship [39]. Bank managers are often more reluctant to lend to women than to men because of gender-based obstacles [8], [30]. Often they ask to see showrooms or shops before lending, but most women start with home-based activities and cannot afford to rent showrooms or shops. The refusal of banks and FIs to accept household assets as collateral hampers financial support to women drastically. "Access to finance is the greatest challenge faced by female entrepreneurs in starting and operating CMSMEs in

Bangladesh" [6]. Compared to men, women have fewer rights and responsibilities, and so have fewer opportunities to participate in the CMSME sector of Bangladesh.

III. WESF-CGS SUPPORT FOR WOMEN ENTREPRENEURS IN BANGLADESH

The UNCDF is a long-term development partner of Bangladesh. Over the last three decades, the UNCDF has helped Bangladesh tackle several development challenges including gender integration and ensuring the economic empowerment of women. The UNCDF mainly provides technical assistance, seed capital, and credit enhancement support as grants and loans. Third-party loan guarantees were necessary to reduce project risk and leverage resources from the domestic financial sector, including banks and FIs. This facilitated investment in small-scale enterprises [40]. In Bangladesh, the UNCDF conducts a program for SMEs under local finance initiatives (LFI), which is aimed at providing special financial products and services, including individual small loans, group loans, and training programs for local people – specifically, for economically marginalized women who face financial hardship. These programs significantly strengthen the business-enabling environment by increasing the earnings of the previously excluded people, including women [40]. This gender-friendly investment helps to meet the capital funding gap and improve women's economic empowerment, including capacity development, networking, productive employment, and access to vital productive resources and markets [41]. By increasing women's full economic participation, UNCDF-LFI programs grow the economy and improve living standards.

On 26 October 2016, the Bangladesh Government, the UNCDF, and BB combined to create a pilot project, the WESF. It works as a CGS within LFI to support SMEs in Bangladesh. In this tripartite partnership, the WESF was to distribute US\$0.2 million in grants to support SME women entrepreneurs. The project duration was 5 years. The money can be used as collateral against loans. The WESF-CGS project is maintained by direct financial support and technical assistance from UNCDF [41].

A. The CGS: An Overview

A CGS is a formal scheme or mechanism in which an independent third party (guarantor) provides a guarantee to lenders for the mitigation of credit risk [42]. There are three parties involved in a CGS scheme: a borrower (which may be a microenterprise) who has insufficient collateral, a lender (a bank or FI) that delivers the loan, and the guaranteeing agency that provides the security [43]. Different categories of CGS are available; direct or indirect guarantee, individual and portfolio models, funded and unfunded, open and targeted, and intermediary. CGS schemes encourage FIs to provide loans to small enterprises because the government or the quasi-government body assumes some percentage (or the entire) loan risk [42]. A CGS allows firms to obtain loans while reducing private-sector lenders'/investors' exposure. The risk-sharing facilities demanded by both the lenders and the

borrowers are used as collateral [41]. Many governments in different parts of the world use a CGS as an important instrument to meet the financial needs of entrepreneurs who suffer capital shortage [43].

Because of the societal factors that limit women's access to credit, CGSs are especially relevant to women's entrepreneurship [40]. Participating financial institutions (PFIs) will make more loans available for financing innovative and creative women entrepreneurs' financially and economically viable projects – projects they would not fund otherwise.

The WESF-CGS has been designed as a hybrid portfolio partial CGS. In Bangladesh, the banks and FIs must sign a participatory agreement with CGS before submission of loan applications for guarantee coverage. In addition to this, most of the risks must be covered by the PFIs, although they can resort to partial repayment from the WESF-CGS. To access the CGS facilities, the PFIs will have to pay the guarantee fees, including annual service charges based on the guarantee limits allocated to them. BB will bear the CGS management cost.

B. Key Features of WESF-CGS

- The CGS is mainly intended to target women entrepreneurs.
- All three parties – the CGS, PFIs, and women borrowers – will share the risk.
- In case of an individual guarantee, the CGS will bear the proportion of the uncovered risk of the loan amount rather than the entire loan principal.
- The CGS will fund at most 30% of the amount required to guarantee all SME loans in the portfolio.
- 30% of the guaranteed loans can be non-performing loans under the CGS guarantee coverage of all loans. The remaining loans must perform satisfactorily or the PFIs will bear the entire losses.
- In the portfolio cap, the total value against which guarantee claims may be made available by PFIs when a business defaults on a loan is the PFI's portfolio guarantee limit in any single year's portfolio.
- In the PFIs' total 30% portfolio limit, the ratio of guarantee coverage will be a maximum of 80% in some cases. Working capital loans/a single loan will not exceed more than 80% of businesses' required working capital. In that case, a 20% loan/investment will be borne by the PFIs.
- The loan amount of the CGS will be between Bangladesh Taka (BDT) 500,000 and BDT3000,000.
- The tenure of the loan is a maximum of 5 years. That is, the validity of the guarantee portfolio lasts for up to 5 years from the portfolio's year of approval.
- Grace periods for repayments of loans are allowed at the FI's discretion.
- The CGS is not intended to cover the start-up.
- The CGS is available to small and medium-size, women-owned, existing and profitable businesses in the manufacturing and service sectors as grouped by BB SME

& Special Programs Department circular no. 02, June 29, 2017, including any subsequent amendments that may be issued (see Appendix 2).

- Applicant businesses must have been profitable for two or more years.
- The total amount of loans guaranteed by the CGS depends upon the availability of the funds, performance, and the level of outstanding guarantees, and the demand from other PFIs.
- The PFIs who have a high level of nonperforming loans (above 12.5%) are not allowed to enjoy the guarantee support from the CGS. This may change at the CGS's discretion.
- Unused limits will not be available in the following year, to encourage the PFIs to be more realistic when determining their portfolio guarantee limits.
- The PFI is solely responsible for assessing loan applications and deciding if the loan is to be guaranteed by the CGS.
- Through the CGS, a share of the asset will be assigned to the CGS by the PFIs.

C. Collateral Policy of WESF-CGS

- When the woman borrower lacks adequate property or cash to pledge against a loan, then collateral shortfall has occurred.
- According to the credit policy guidelines of PFIs, the borrower's collateral shortfall will be considered relative to the PFI's requirements for collateral. Based on this, the CGS will step in to support SME women by covering the shortfall.
- Women must supply some fraction of the collateral – typically around 70%, but as little as 20% in some cases.
- For each loan, the woman borrower must finance 20% of the assets and the PFIs will lend 80% of the asset value while ensuring that indeed the stated values are procured.
- The borrower is required to pledge premises, property, cash or cash equivalents, machinery, or other fixed assets used as security or collateral in the businesses for guaranteed credit.
- Personal guarantee or security, assignment of insurance policy, patent, or trademark to the PFI may be considered as collateral.
- The lender takes the collateral as applying to the entire loan(s).
- The PFIs and SME woman should negotiate the collateral conservatively and realistically.
- The PFIs should consider an independent evaluation of the collateral when applying the CGS to SME borrowers.

On 27 December 2017, two local PFIs (National Bank Limited and Industrial Development Leasing Company of Bangladesh Limited) signed a memorandum of understanding with the guarantee-issuing organization, BB. Under this MoU, different districts of Bangladesh, such as Rajshahi, Jessor, Tangail, Sirajganj, Kustia, Pabna, Rangpur and Nilphamari, provided CGS facilities to women entrepreneurs on wooden handicraft, showpiece, flower cultivation, boutiques, pottery,

dairy and livestock, zamdani, handicraft, shitol pati, loom and nokshi katha industries. They also supported nursery, satranji and jute product-processing-related cluster-based SMEs. At present, 21 CGSs of BDT 18.10 million have been disbursed against BDT 23.4 million of bank loans [44].

IV. THE WESF-CGS: AN EVALUATION

In the 5-year pilot project, at present, only two banks and FIs have made agreements with WESF-CGS. Given this lack of participation by the majority of banks and FIs, it is hard to assess the financial performance and effectiveness of the WESF-CGS scheme.

Report on Economic Census 2013 of Bangladesh estimates that about 2,456,772 women entrepreneurs were engaged in CMSMEs in Bangladesh [45]. However, the total amount of the fund is negligible compared to such a potentially large demand for credit. The CGS loan amount is between BDT500,000–BDT3000,000, and WESF-CGS funds are available to small and medium enterprises. A 2015 study showed that women made up 90% of all clients and borrowers of microfinance institutions in Bangladesh, and half of these women are SME entrepreneurs [14]. Additionally, a good number of women cottage and micro entrepreneurs are conducting businesses in the trading sector, whereas WESF-CGS focuses on manufacturing and services. So, many businesses that would suit the scheme are not eligible. Further, applicant businesses must have been profitable for two or more years, which prevents women from entering the sector via start-ups. Thus, many women are denied access, which discourages innovative young women from taking up entrepreneurship.

At present, there appears to be a mismatch between the criteria for access to the scheme and the people that it would benefit.

In 2019, the World Bank published a report titled *Bangladesh Development Update: Tertiary Education and Job Skills* [46]. It estimated that 43% of female university graduates as compared to 37% of male graduates (and 52% of female polytechnic graduates as compared to 30% of male graduates) remained unemployed 2 years after graduation. Entrepreneurship, if better enabled, could be an alternative job market for women graduates, but start-up enterprise finance support remains absent [43]. WESF-CGS facilities cannot be accessed by start-up businesses, inhibiting women university graduates from creating their own jobs through entrepreneurship. In India, the credit guarantees fund scheme for women micro, small and medium enterprises was launched on 30 August, 2000 to provide collateral or guarantee-free credit in the service and manufacturing sectors. Under this scheme, both new and existing women-led enterprises are eligible to be covered as beneficiaries. Consequently, the credit to women had become doubled from US\$ 157.7 million in FY2010–2011 to US\$ 239.28 million in FY2014–2015 [47].

The WESF-CGS allows 30% guarantees of the total borrowed by the PFIs, but women must provide collateral to obtain loans. In 2017, Eusuf et al. found that 52% of surveyed

women said that collateral remained one of the major barriers to obtaining formal credit. Women entrepreneur's limited ability to provide collateral creates a fear of default in the banks and FIs. Banks and FIs see lending to women-owned enterprises as risky because of a perception of low-quality management, poor corporate structure, and limited product innovation. Hence, the banks and FIs consider collateral/guarantor a highly important prerequisite when lending to women entrepreneurs. Further, the women entrepreneurs' cost of borrowing remains high due to legal and administrative procedures [42], which the WESF-CGS could also help combat.

The WESF-CGS typically provides 30% guarantee of total loan portfolio cap to PFIs. However, this lower level of guarantee cannot meet the demand of PFIs, who have to bear 70% of the risk. Moreover, the single-digit rate of interest increases the PFIs' operational cost for lending and reduces profits, causing them to show less interest in lending, especially to clients perceived as risky [42].

In summary, measures related to guarantors and collateral have so far failed to mitigate the collateral constraints faced by women entrepreneurs. Thus, the gender gap in CMSME financing remains, and hampers not just women's employment and capacity development but also our national economy.

V. POLICY IMPLICATIONS AND CONCLUSIONS

In Bangladesh, the CGS is needed to encourage lending to women entrepreneurs. It is an important and practicable instrument for policy makers to use to improve access to finance for women entrepreneurs [43]. Some suggestions to make it better fit its stated purpose follow:

- The WESF-CGS manual should allow the scheme to apply to cottage and microentrepreneurs in the trading sector.
 - The PFIs should properly disseminate the WESF-CGS manual to the women entrepreneurs to inform them of their options.
 - The WESF-CGS should increase the funds for PFIs to make more loans available for women borrowers.
 - The CGS loan guarantee should be available to women running new start-ups.
 - The WESF-CGS could provide 50% risk-sharing ratio instead of 30% guarantee of the total loan portfolio, such that banks and FIs will be motivated more to lend without (or with less) collateral and can reduce cost of borrowing [43].
 - The Small and Medium Enterprise Foundation and/or women's chambers and/or women's trade bodies could play the role of the guarantor for women entrepreneurs to encourage banks and FIs to provide loans to women [14].
- BB should inform banks and FIs about CGS, and any changes in conditions, and ensure that 5% from the reservation of CGS is maintained for women entrepreneurs (see Appendix 3).

Professor Atiur Rahman, former Governor of BB, notes that: "Lack of money means not just lack of money; rather, lack of confidence means to lack everything. The central bank

has come forward to give that confidence to women entrepreneurs” [48]. As the financial regulator, it is the responsibility of BB to establish a comprehensive credit policy to guarantee more access for women entrepreneurs to finance. Women are credit-worthy, and if they get an opportunity, they can use the credit productively. They can become the true agents of change and of inclusive and sustainable economic growth. Full implementation of existing policies and regulations would help in this. BB should or could:

- set banks and FIs targets for delivery of loans to women entrepreneurs, and monitor the progress
- encourage more collateral-free loans to women entrepreneurs
- allow loans based on group security or social security rather than personal guarantees
- allow women entrepreneurs’ educational certificates to be preserved as collateral for loans
- instruct banks and FIs to introduce innovative products, like setting up a ‘separate cell’ and adopting cluster development policies for specific clusters of women entrepreneurs.

Policy and regulatory support for enhancing financing facilities that promote gender equality and women’s rights in business in Bangladesh is essential. As a fundamental right, women *must* obtain property inheritance rights equal to those of men. This must not only be granted, but *enforced*.

The government must provide training in technology, gender awareness, innovation and managerial skills to women entrepreneurs and service providers, possibly through industrial-academic collaboration.

In Bangladesh, the contribution of women to economic and social development has improved substantially during recent decades, but progress remains insufficient. The national development of Bangladesh cannot be achieved without ensuring the rights and development of women, because they make up half the country’s population. Rokeya Sakhawat Hossain, a Bengali feminist thinker, educator, and leading light in the women’s movement in then-British India and present-day Bangladesh, said: “Nations in which men and women move forward together have made the greater progress in the world” [49]. In fact, the elimination of gender inequality has a long-term impact on employment creation, economic growth and women’s entrepreneurship development [13]. Articles 19 (1), 27, 28(1) 28(2) and 28(4) provide for equal rights and privileges for women in the Constitution of the Peoples Republic of Bangladesh 1972:

- Article 19 (1) ‘The State shall endeavor to ensure equality of opportunity to all citizens’.
- Article 27 ‘All citizens are equal before law and are entitled to equal protection of law’.
- Article 28(1) ‘The State shall not discriminate against any citizen on grounds only of religion, race, caste, sex or place of birth’.
- Article 28(2) ‘Women shall have equal rights with men in all spheres of the State and of public life’.
- Article 28(4) ‘Nothing in this article shall prevent the State from making special provision in favour of women

or children or for the advancement of any backward section of citizens’.

Thus, the application of existing laws is paramount.

By changing some regulations and procedures, and enforcing laws that are already in existence, Bangladesh can more strongly manifest the potential of CMSME women entrepreneurs. This can increase women’s agency and overall empowerment, in line with liberal feminist ideas. Empowering and transforming the lives of half of the nation will bring socioeconomic development, and pave the way to broader social reform in Bangladesh.

APPENDIX 1: DEFINITION OF A WOMEN ENTREPRENEUR

In light of the Industrial Policy 2010 of the Bangladesh Government, Bangladesh Bank defined a women entrepreneur as a woman engaged in business in her own name. A woman is a woman entrepreneur if she is owner or proprietor of a private or proprietary enterprise (or owner of at least 51% of the enterprise’s shares) or director of a registered private company.

According to the Industrial Policy 2010, woman entrepreneurs are entitled to special consideration [50].

APPENDIX 2: POLICIES AND MEASURES FOR THE DEVELOPMENT OF CMSME WOMEN ENTREPRENEURS IN BANGLADESH

“In 2007, the Bangladesh Government created the Small and Medium Enterprise Foundation (SMEF) under the Ministry of Industry, and in 2008, the Ministry of Women and Children Affairs gave emphasis to developing women’s entrepreneurship in CMSMEs as a part of National Action Plan [6]”. “The SMEF developed a five-year Gender Action Plan for female entrepreneurs, to increase their skills in loan certification processes, business information and marketing. The SMEF works in a partnership with government agencies, donors, the banking sector, and nongovernmental organizations and support agencies to boost the knowledge, capacity and experience of female entrepreneurs in CMSMEs. The result is better integration and coordination of the efforts of different stakeholders” [6].

“Moreover, in the *National Industrial Policy 2010* and the *Seventh Five Year Plan of 2016–2020*, the Government of Bangladesh facilitated credit opportunities for female entrepreneurs to enhance their participation in business activities. BB has established a fund to finance women in CMSMEs through banks and FIs in rural and urban areas, with the aim of generating employment by providing venture capital support for entrepreneurs with a sound business plan” [6].

“In 2015, BB issued a circular to encourage innovation and capacity building to facilitate the entry of new female entrepreneurs [50]. To do this, every year all branches of banks and FIs would select three female entrepreneurs who were not yet receiving formal loans, and give them targeted training for capacity building, as well as access to finance and markets, technology and production planning, support services

and information. At least one female entrepreneur would be chosen to receive a CMSME loan” [6]. Useful circulars include [50]:

- Circular no. 02, 2019 (amendment of circular no. 02, 2017) BB groups CMSME in several ways “in light of the Industrial Policy 2016 of the Bangladesh government and notes that in all cases, the value of the enterprise includes replacement cost of fixed assets and excludes land and building” [6].
- Circular no. 01, 2016 which instructs that at least 10% of the amount loaned to CMSMEs should go to women.
- SMESPD circular letter no. 03, 2017, and circular no. 02, 2019, which say that this should be increased up to 15% by 2021; and extended by 2024.
- SMESPD circular letter no. 05, 2010, which says that female entrepreneurs are allowed to form groups to help obtain loans of BDT0.05 million or more.
- SMESPD circular no. 01, 2016, in which BB initiated an individual/group-based ceiling of BDT2.5 million for CMSME loans to female entrepreneurs.
- SMESPD circular no. 01, 2010 and no. 01, 2017, which specify that ‘this refinance scheme is to maintain an interest rate ceiling of the existing bank rate (5%) plus a maximum spread of 5%; later revised to a base rate of 9% with a 4% spread for women” [6].

In a series of circulars starting in 2008, BB announced that 15% of the total refinance fund would be reserved for women [51].

APPENDIX 3: BB SPECIAL MEASURES FOR CMSMES TO OFFSET THE SHOCK OF THE COVID -19 PANDEMIC

The Government of Bangladesh introduced special working capital loan/investment facilities of BDT200000 million from banks and FIs’ own funds (under the stimulus packages announced by Sheikh Hasina, the Prime Minister of Bangladesh, on 5 April, 2020) for the CMSMEs sector to tackle the downturn brought on by the COVID -19 pandemic. Some vital points include:

- 70% of the total loan/investment to be given to cottage, micro and small (CMS) enterprise and 30% to medium enterprises.
- Minimum 5% of the total loanable fund will be given to women entrepreneurs.
- The loans will be given at 9% interest rate. Of this, 4% will be borne by the borrowers and 5% will be in government subsidies.
- In these three-year loan/investment package facilities, individual borrowers can access the subsidy for at most one year.

BB introduced a CGS as support to allow collateral-free loans and loans against investment by cash-strapped banks and FIs in CMS enterprises.

- The given CGS tenure will be one year.
- The CGS will be available against working capital loan/investment in the trading, manufacturing and service sectors of the CMS sector in Bangladesh.
- The CGS allows 30% guarantees of the total borrowed.

Of the 30%, a maximum of 70% is allocated to the manufacturing and service sectors; 30% for the trading sector.

- Banks and FIs will get 80% coverage of the credit given to an individual or company.
- To access the CGS, lenders must pay a 1% charge as registration fee on the loans for the first year of loan issuance.
- The maximum ceiling for CGS allows BDT200,000.00–BDT500,000.00 [50].

ACKNOWLEDGMENT

Many thanks to Kamrul Hasan Azad, Joint Director, Credit Guarantee Scheme Unit, SME & Special Programs Department, Bangladesh Bank, Dhaka for his kind assistance in providing necessary data. The views expressed in this publication are those of the author and not those of BB.

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