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Bangladesh: Microfinance, Women and Small-Scale Enterprise Development

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Conventional Microfinance: size (a small amount), rate of interest, weekly repayments, impact (little impact of microcredit alone on poverty reduction -- 3 recent studies : of the poor ever micro-borrowers, no more than 10% could rise above poverty line, often tenuously)

Microfinance as a concept related to the behaviour of an individual or economic entity with respect to securing and using finances would provide a different perspective by freeing microfinance from smallness of size--financing as appropriate.

Finance as a component of an integrated approach to poverty reduction/eradication. Example: ENRICH (Enhancing resources and increasing capacities of poor households towards elimination of their poverty) of PKSF. This is a household focused multi-dimensional poverty eradication programme, being implemented in 43 unions (the lowest administrative unit) of the country, involving 186,926 households or about 934,630 people.

[PKSF is a government established rural development financing Foundation, set up in 1990, mandated to work for poverty reduction through employment generation. It is managed on the basis of a public -private governing arrangement. It started and continued until a few years ago as a provider of funds to NGOs, accepted as partner organizations, for micro credit. Since 2010, its focus is sustainable human development through integrated development approaches in which funding is one of the key components which include education, skill training, health, food security and nutrition, employment, infrastructure, social capital, cultural dimensions, economic activity and asset acquirement, institutional development, etc.]

Defined with reference to the behaviour of individuals/entities with respect to mobilizing and using finances for economic activities, microfinance is no longer a small amount of money; but the amount of financing depends on the type, size and nature of the enterprise being financed, as opposed to the conventional microfinance which is a small amount of money and necessarily relates to tiny economic activities.

However, enterprise development depends on access to other services in addition to financing, which include entrepreneurship training, skill training, market information, access to necessary technologies, marketing support.

PKSF, for example, provides those services along with financing under its Finance for Enterprise Development and Employment Creation (FEDEC) Project. Also, loan facility has been increased up to the taka equivalent of US\$15,000. In addition, working capital loan up to the taka equivalent of US\$1,000 is provided.

Conventional Microfinance and Women:

The micro borrowers are mostly women but often are conduits for receiving loans over which they have little or no control.

However, as a result of micro- borrowing and related activities, women have generally become more aware of their rights and many can articulate their problems, needs and rights even when their economic conditions have not improved.

Women in Micro and Small Enterprises:

Under FEDEC of PKSF, so far 563,000.00 loans have been provided. Out of these:

Female borrowers: 378,000

Male borrowers: 185,000

But, only 69,812 women entrepreneurs manage their enterprises on their own, making up 12.4% of all enterprise-loan takers and 18.5% of women enterprise-loan takers.

However, some improvement has taken place over the past few years, as women entrepreneurs accounted for 5.9% of all enterprise-loan takers under the Project in 2011.

The improvement has occurred as a result of conscious efforts being made by PKSF and its partner organizations.

A Marketing Support Initiative for Micro and Small Women Entrepreneurs:

To provide marketing support to small and micro enterprises managed by women, the Department of Women's Affairs, Government of Bangladesh, initiated a project in 2011 called **Joyeeta**.

Under this project, sales outlets have been established in Dhaka for the products of such women entrepreneurs. So far, 180 micro and small entrepreneurs from remote rural areas of the country have been allotted 140 stalls in a complex established for the purpose.