



# Policy brief and disability-inclusive guidelines for small and medium enterprises in Bangladesh

Futuremakers by Standard Chartered

# Contents

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|--|----|
| Introduction   | 3  |
| About the SME Policy 2019  | 4  |
| Recommendations from consultations for a disability-inclusive SME Policy         | 6  |
| Disability-inclusive guidelines for SME Policy                                   | 9  |
| Disability inclusion within the policy draft                                     | 9  |
| Financial inclusion for people with disabilities                                 | 10 |
| Training and capacity building   | 10 |
| Improving the accessibility of business development services and infrastructures | 11 |
| Improving the engagement of women with disabilities in the SME sector            | 12 |
| Access to networking opportunities   | 12 |
| Disaggregation of SME statistics and research data                               | 13 |
| Raising awareness about entrepreneurship and credit opportunities                | 13 |
| Conclusion and the way forward   | 15 |

## List of abbreviations

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|-------|---|
| BBDN  | Bangladesh Business and Disability Network        |
| BBS   | Bangladesh Bureau of Statistics                   |
| BEF   | Bangladesh Employers' Federation                  |
| BSCIC | Bangladesh Small and Cottage Industry Corporation |
| ICT   | Information and Communications Technology         |
| ILO   | International Labour Organization                 |
| INGO  | International non-governmental organisation       |
| NGO   | Non-governmental organisation                     |
| NSDC  | National SME Development Council                  |
| NSDA  | National Skills Development Authority             |
| OPDs  | Organisations for people with disabilities        |
| SDGs  | Sustainable Development Goals                     |
| SMEs  | Small and Medium Enterprises                      |
| TVET  | Technical and Vocational Education and Training   |

# Introduction

According to the International Labour Organization (ILO), small and medium enterprises (SMEs) account for two-thirds of all global jobs and create the majority of new roles.<sup>1</sup> This is why SMEs are considered vital to achieving productive employment and inclusive global growth.

However, despite the significant role that SMEs play in creating employment opportunities worldwide, ILO's **Analysis of a survey among National Business and Disability Networks in 2023** revealed that inclusion and employment of people with disabilities in SMEs remains low.<sup>2</sup> This has been caused by barriers such as the lack of disability awareness and understanding; the lack of knowledge on available support, including government support; the lack of committed individuals, especially at higher management levels; insufficient funding; and the lack of insight into the advantages of disability inclusion.<sup>3</sup>

Similar to the global trends, the SME industry in Bangladesh is a key driver of the national economy, with an estimated 7.8 million SMEs<sup>4</sup> accounting for 90% of the businesses in the country.<sup>5</sup> In 2014, SMEs contributed 25% to

Bangladesh's gross domestic product and accounted for 40% of manufacturing output.<sup>6</sup> According to the Report on National Survey on Persons with Disabilities published by the Bangladesh Bureau of Statistics in 2021, 33.78% of people with disabilities are employed in Bangladesh, the majority of whom (54.42%) are self-employed.<sup>7</sup> This means that the policies regulating the SME sector, particularly the SME Policy 2019, need to reflect disability inclusion and ensure that people with disabilities can benefit from and access the financial and technical support that the policy provides.

Sightsavers Bangladesh has developed a comprehensive set of disability-inclusive guidelines based on consultations with people with disabilities and their representative organisations, as well as with key government stakeholders, including the SME Foundation.



Director (Joint Secretary) of the National Foundation for Development of Disabled Persons is sharing her opinion at the national level of multi-stakeholder consultation.

# About the SME Policy 2019

As a commitment to the National Industrial Policy 2016 to ‘prepare a specific and time-bound SME development plan’, the Government of Bangladesh took the initiative to ‘formulate an SME Policy with appropriate action plan’.<sup>8</sup> Consequently, the SME Policy 2019 was drafted by the Ministry of Industries with the aim of strengthening the SME sector ‘by enhancing efficiency, improving the business environment, providing easy access to finance, ensuring better marketing facilities, upgrading technology and innovative capabilities and creating employment opportunities’ and, as a result, increasing the 25% contribution to GDP to 32%.<sup>9</sup>

According to the SME Policy 2019, the Ministry of Industries entrusted Bangladesh Small and Cottage Industry Corporation (BSCIC) and the SME Foundation with the responsibility of implementing the strategic goals and action plans as described in the policy. However, the Ministry of Industries has retained the authority to monitor the implementation of SME Policy 2019.

The SME Policy 2019 identified 11 strategic goals (figure 1) to strengthen the SME sector.

**Figure 1: Eleven strategic goals in the SME Policy 2019**

| Eleven strategic goals as per SME Policy 2019 |   |
|---|---|
| <b>Goal 1</b>                                 | Improving business environment and institutional framework  |
| <b>Goal 2</b>                                 | Increasing the scope of the SME sector to receive institutional funding facility  |
| <b>Goal 3</b>                                 | Support to increase competitiveness capability and access to SME products market  |
| <b>Goal 4</b>                                 | Support short-term, low-cost SME business support services to the start-ups   |
| <b>Goal 5</b>                                 | Develop and expand SME cluster-based business network   |
| <b>Goal 6</b>                                 | Increase use of ICT and other technologies  |
| <b>Goal 7</b>                                 | Expansion of skill-developing education and training programmes for entrepreneurs   |
| <b>Goal 8</b>                                 | Expanding women entrepreneurship development programmes and providing specialised services  |
| <b>Goal 9</b>                                 | Establishing SMEs as backward and forward linkage enterprises to the large industries and ensuring the protection of SME products |
| <b>Goal 10</b>                                | Establish environment-friendly SME industries and develop better capacity for waste management                                    |
| <b>Goal 11</b>                                | Institutionalise SME statistics and conduct research and development activities   |

As part of its implementation strategy, the SME Policy 2019 laid out strategic tools against each of the 11 goals. These tools aim to actualise each strategic goal, such as the ‘simplification of legal and administrative procedures for enhancing SME business’, ‘strengthen[ing] existing refinancing scheme to provide SME loans at a reduced interest rate to the SMEs’ or ‘make [the] start-up process easily accessible through the

introduction of an online/digital system’.<sup>10</sup>

The policy also highlights departmental roles in the implementation and monitoring of the SME Policy 2019 as well as calls for the formation of committees and task forces with specific functions to ensure the running of the SME sector. The key committees formulated under SME Policy 2019 are highlighted in figure 2.

**Figure 2: Eleven committees for enforcement and monitoring of SME Policy 2019**

| Committee                               | Function  |
|---|---|
| <b>National SME Development Council</b> | The highest policymaking body to implement the Government’s commitment to the development of the SME sector, chaired by the minister for the Ministry of Industries                                   |
| <b>National SME Task Force</b>          | The executive committee to identify the priorities of the proposed initiatives in the SME Policy 2019 and review the action plan, to be chaired by the senior secretary of the Ministry of Industries |
| <b>Working committees</b>               | To be constituted on various important issues under the SME sector. Members of these committees will be appointed on the basis of decisions by the Task Force   |
| <b>Technical committee</b>              | One or more technical committees can be constituted by the Ministry of Industries for the purpose of reviewing specific proposals/recommendations   |



Project Manager of Futuremakers shared the objectives of the national consultation with OPDs.

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Having identified the strategic tools/initiatives and the roles and responsibilities of government stakeholders in implementing SME Policy 2019, the document provides a comprehensive time-bound action plan to implement each of the 11 strategic goals. However, despite the detailed policy and strategic plan in place, the SME Policy 2019 does not have specific provisions for aspiring entrepreneurs with disabilities. Therefore, it is insufficient in terms of accessibility and inclusion.

The SME Foundation has continued to indicate interest in having disability-inclusive provisions in the SME Policy 2019. As a result, Sightsavers conducted a series of consultations with relevant government stakeholders and leaders from organisations of people with disabilities (OPDs) in Bangladesh to generate disability-inclusive guidelines against each strategic goal to ensure the SME Policy 2019 is inclusive for potential entrepreneurs with disabilities.

## Recommendations from consultations for a disability-inclusive SME Policy 2019

The guidelines identified in figure 3 are divided into a set of recommendations for the SME Policy 2019 coming from consultations with OPDs and relevant sector stakeholders, including government and development partners.



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Findings of 'Reviewing the SME Policy through Disability Lens' study shared by the Consultant at the National Consultation with OPDs on 10 September 2023.

**Figure 3: Disability inclusive recommendations by OPDs and government and development partners against each strategic goal of SME Policy 2019**

| Strategic goal  | OPD recommendations  | Multi-stakeholder recommendations   |
|---|--|---|
| <p><b>Goal 1: Improving investment and business environment and institutional framework</b></p>       | <ul style="list-style-type: none"> <li>• Develop inclusive investment guidelines for people with disabilities in the SME sector</li> </ul>   | <ul style="list-style-type: none"> <li>• Integrate separate sections dedicated to people with disabilities within the SME Policy 2019 to address their specific needs and concerns</li> <li>• Introduce flexible terms and conditions for SMEs that employ people with disabilities to encourage inclusivity</li> </ul>   |
| <p><b>Goal 2: Increasing the scope of access to finance in the SME sector</b></p>                     | <ul style="list-style-type: none"> <li>• Design specialised financing schemes by financing partners/banks of the SME Foundation for people with disabilities</li> </ul>  | <ul style="list-style-type: none"> <li>• Initiate a robust mechanism to identify and nurture entrepreneurs with disabilities, ensuring their seamless integration into the mainstream entrepreneurial landscape</li> <li>• Unveil incentivised financial frameworks exclusively tailored for SMEs steered by individuals with disabilities</li> <li>• Provide a benevolent loan facility at a reduced interest rate of 3% for aspiring entrepreneurs with disabilities</li> </ul> |
| <p><b>Goal 3: Enhance competitive capability and support to access SME products in the market</b></p> | <ul style="list-style-type: none"> <li>• Equip people with disabilities with market-driven skills to make them competitive in the SME sector through trainings and capacity building</li> </ul>  | <ul style="list-style-type: none"> <li>• Render tax alleviations and bolster market outreach for the commodities and services orchestrated by people with disabilities</li> <li>• Enact provisions encouraging government institutions to procure goods and services from SMEs operated by people with disabilities</li> </ul>  |
| <p><b>Goal 4: SME business support services</b></p>   | <ul style="list-style-type: none"> <li>• 15% quota for entrepreneurs with disabilities in business licensing (dealership)</li> <li>• Simplified trade license procedures for entrepreneurs with disabilities</li> <li>• Low-interest start-up capital support for entrepreneurs with disabilities.</li> <li>• People with disabilities-focused help desks</li> </ul> | <ul style="list-style-type: none"> <li>• Establish a specialised SME support desk for people with disabilities</li> <li>• Reinforce accessibility within the infrastructural setting of the BSCIC industrial complexes</li> <li>• Unroll trade stimulus packages for SMEs operated by people with disabilities</li> </ul>   |

|   |  |  |
|---|--|--|
| <b>Goal 5: SME cluster-based enterprise network development and expansion</b>         | <ul style="list-style-type: none"> <li>• Make all public buildings and infrastructures accessible for people with disabilities</li> <li>• Collateral-free loans for people with disabilities at 2-3% interest rate</li> </ul>          | <ul style="list-style-type: none"> <li>• Advocate for a cluster-based membership within trade conglomerates, complemented by a distinct wing for people with disabilities</li> </ul>   |
| <b>Goal 6: Increase the use of information, communication, and other technologies</b> | <ul style="list-style-type: none"> <li>• Design and develop disability-friendly software/apps</li> <li>• Facilitate technology transfer for people with disabilities</li> </ul>  | <ul style="list-style-type: none"> <li>• Create disability-friendly mobile applications and software programs</li> <li>• Launch self-paced learning systems, tailored training programmes and materials that are suitable for people with disabilities</li> </ul>  |
| <b>Goal 7: Expansion of skill development education and training programmes</b>       | <ul style="list-style-type: none"> <li>• Inclusive vocational training and disability-friendly modules</li> <li>• Specialised training programmes for people with disabilities</li> </ul>  | <ul style="list-style-type: none"> <li>• Train skilled trainers among individuals with disabilities to address their unique needs</li> <li>• Offer supportive mentorship after training and ensure easy access to training facilities</li> <li>• Enhance the Technical and Vocational Education and Training (TVET) programme to be more disability inclusive</li> </ul> |
| <b>Goal 8: Extend programmes for women's entrepreneurship development</b>             | <ul style="list-style-type: none"> <li>• Establish a quota of 10% of women with disabilities in the entrepreneurship development fund programme</li> </ul>   | <ul style="list-style-type: none"> <li>• Set quotas and special business support for SMEs led by women with disabilities</li> <li>• Boost market promotion for products and services made by women with disabilities</li> </ul>  |
| <b>Goal 9: Establishing SMEs as effective linkages to large industry</b>              | <ul style="list-style-type: none"> <li>• Promote opportunities for people with disabilities to participate in the backward and forward links in large-scale industries</li> </ul>  | <ul style="list-style-type: none"> <li>• Facilitate direct market links between large-scale industries and SMEs led by people with disabilities</li> </ul>   |
| <b>Goal 10: Environment-friendly SME industries and waste management</b>              | <ul style="list-style-type: none"> <li>• Allocate specific spaces for people with disabilities in SME fairs to showcase their environment-friendly products and services</li> </ul>  | <ul style="list-style-type: none"> <li>• Provide necessary technical knowledge and support for creating environmentally friendly SMEs</li> </ul>   |
| <b>Goal 11: Institutionalise SME</b>  | <ul style="list-style-type: none"> <li>• Instruct the Bangladesh Bureau of Statistics and other relevant bodies to collect and publish disaggregated data on people with disabilities to facilitate evidence-based advocacy</li> </ul> | <ul style="list-style-type: none"> <li>• Include representatives of individuals and OPDs in policymaking committees to ensure a well-informed, comprehensive, and inclusive policy framework</li> </ul>  |



# Disability-inclusive guidelines for SME Policy

Based on these recommendations made against each SME Policy goal, we have identified key areas within the SME Policy that require reviewing to ensure disability inclusion. Accordingly, a set of strategic actions or guidelines have been formulated for the custodian departments, i.e. SME Foundation and BSCIC, as well as for the National SME Task Force and National SME Development Council (NSDC) to consider.

These departments need to ensure the disability inclusive guidelines provided below are incorporated within the policy and implemented in a strategic manner.



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Futuremakers project participants received assistive devices at Manikganj on 6 March 2023.

## Disability inclusion within the policy draft

The SME Policy makes no explicit mention of entrepreneurs or people with disabilities. Even though the policy has strategic actions focused upon ‘simplifying procedures’, ‘making start-up processes easily accessible’ and ‘increasing business support services’, no specific provisions are made to increase

access and understanding for people with disabilities.

To address this, it is recommended that the National SME Task Force considers including specific provisions for people with disabilities and acknowledges that people with disabilities constitute a significant portion of the population and, therefore, need to be included in all aspects of SME development.

## Financial inclusion for people with disabilities

There is a need to recognise the barriers faced by people with disabilities in accessing financial services and advocating for inclusive financial policies and practices through SME Policy.

In keeping with goal 2 of the SME Policy (increasing the scope of access to finance in the SME sector), the SME Foundation needs to promote measures that facilitate access to loans, credit and other financial resources for entrepreneurs with disabilities. This process should be initiated through consultation with contracted financing partners/banks of the SME Foundation to generate expert knowledge on financially inclusive credit terms and conditions for people with disabilities. Targeted financial support for people with disabilities delivered alongside skills training can lead to the successful establishment of businesses.

## Training and capacity building

The policy identifies the need for the training of entrepreneurs to 'enhance competitive capability and support to access of SME products into the market', as mentioned in goal 3. It also lays out the actions for the 'expansion of skill development, education and training programmes' under goal 7.

To ensure that the training is accessible for people with disabilities, the National SME Task Force needs



Country Director of Sightsavers shared her remarks at the Futuremakers project launching on 24 October 2022.



Deputy Commissioner & District Magistrate, Manikganj, inaugurating sewing machine operation training on 11 December 2022.

to formulate a disability-inclusive training curriculum in partnership and with technical assistance from the National Skills Development Authority. The curriculum should lay a specific focus on market-driven capabilities for entrepreneurs.

## Improving the accessibility of business development services and infrastructures

SME Cluster-based Enterprises Network development and expansion, under goal 5 of the SME Policy, lays out the plans to develop and improve weak infrastructures

at SME clusters and BSCIC industrial estates. Meanwhile, goal 6 of the policy provides strategic tools for increasing ‘the use of information, communication and other technologies’.

Consequently, there is a need to ensure that any programmes undertaken to improve the existing infrastructures or develop new infrastructures need to be accessible. Additionally, steps planned to be undertaken to ‘help SMEs through e-commerce, online support, outsourcing and IT-based applications’ as well as strategies to increase SMEs’ ‘innovative capability’<sup>11</sup> are especially accessible to entrepreneurs with disabilities.

## Improving the engagement of women with disabilities in the SME sector

Goal 8 of the policy (extend programmes for women entrepreneurship development) is specifically focused upon the principles of encouraging the participation of women entrepreneurs in mainstream development through launching a 'Women Entrepreneur Development Fund', providing awards and scholarships and arranging specialised loans.

These principles of inclusion need to be extended towards women with disabilities with specific allotment of a 10% quota for women with disabilities in the Women Entrepreneur Development Fund. Additionally, the capacity of women's chambers and associated trade bodies needs to be built on how to support and engage women with disabilities.

## Access to networking opportunities

In goal 10, the SME Policy recognises the importance of providing platforms to establish 'SMEs as an effective link to large industry and for the protection of SME products.' Accordingly, access to networking opportunities for SMEs with large-scale industries and the support and encouragement to protect SME products need to be extended to entrepreneurs with disabilities.

The SME Foundation and BSCIC can also organise specific networking events for people with disabilities with a focus on increasing the availability of direct financing, such as small grants and repayable loans. Additionally, SMEs led by people with disabilities should be encouraged to join the Bangladesh Business and Disability Network (BBDN), which



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Sightsavers organised a Spot Interview for youths with disabilities in collaboration with Shwapno (the largest grocery chain in Bangladesh) on 17 December 2023.

operates with the close support of the Bangladesh Employers' Federation (BEF) and ILO to create a more disability-inclusive workforce in Bangladesh. By being part of a national body like BBDN, entrepreneurs with disabilities can enjoy an organised support and provide the same to other aspiring job seekers and entrepreneurs with disabilities.

## Disaggregation of SME statistics and research data

The last goal of the SME Policy proposes the institutionalisation of 'SME statistics' and conducting research and development. Efforts need to be undertaken in collaboration with the Bangladesh Bureau of Statistics to promote disability disaggregate data generation for SME statistics and any research conducted to support the SME sector.

Disability disaggregated data will ensure that the SME sector's plans to 'determine the accurate contribution of SMEs in national economy' and 'conduct research



OPD representative presenting gaps of SME policy in a national level consultation at Dhaka in July 2023.

activities on various issues related to the SME sector' are sufficiently met. A true picture of the contributions made by people with disabilities in the SME sector and the challenges they face in accessing the benefits provided under the SME Policy will provide a truly comprehensive understanding of the decision-making processes facing the SME sector in Bangladesh.

## Raising awareness about entrepreneurship and credit opportunities

Awareness about the desirability and feasibility of entrepreneurship among people with disabilities is crucial for

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OPD representative identifying gaps of SME policy in a national level consultation at Dhaka in July 2023.

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Futuremakers project launching at Narayanganj District on 30 October 2022.

self-employment. Despite the relatively high self-employment rates for people with disabilities, the number in real terms is small on account of inactive population. According to the policy brief by the European Commission on Entrepreneurship for People with Disabilities, ‘many people with disabilities are held back due to a lack of awareness, lack of emotional support from family and friends, low self-confidence and discouragement from business advisors.’<sup>12</sup>

To promote entrepreneurship, a multifaceted approach is needed. This involves a two-pronged approach targeting people with disabilities, their support networks and business advisors about SME Policy while providing disability-specific training to government stakeholders and employers at the same time. This would consistently create more space for people with disabilities within the SME sector.

## Conclusion and the way forward

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The guidelines set out above provide a comprehensive starting point for disability inclusion into the SME Policy 2019. However, the SME Foundation and BSCIC need to ensure that these guidelines are proposed for inclusion during the next review of the SME Policy and are subsequently endorsed by the National SME Task Force.

To further strengthen disability inclusion in the SME sector, a working committee specifically on the development of entrepreneurs with disabilities needs to be constituted by the National SME Task Force. The committee should have adequate representation of OPDs, civil society organisations and international NGOs working within the disability sector.

## References

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<sup>8</sup> SME Policy 2019

<sup>9</sup> Ibid. pg5

<sup>10</sup> SME Policy 2019

<sup>11</sup> SME Policy 2019

<sup>12</sup> <https://www.oecd.org/cfe/leed/Policy-brief-entrepreneurship-people-disabilities.pdf>

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in low and middle income  
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