The study of budget credibility examines the extent, nature, causes and consequences of deviations from approved budgets. In this series, part of the International Budget Partnership’s Assessing Budget Credibility Project, 24 civil society partners in 23 countries probed a specific area in which execution of the national budget repeatedly diverged from the approved plan to learn whether adequate reasons were provided for the deviation. The broader synthesis report on these findings can be found here.

BANGLADESH: WOMEN’S ENTREPRENEURSHIP

Although the number of women in the Bangladeshi labor force has increased over the last couple decades, the proportion remains low. According to the International Labour Organization, the female participation rate in Bangladesh increased from 27 percent in 2000 to 33 percent in 2018. Similarly, while the number of women entrepreneurs has been on the rise, the Bangladesh Bureau of Statistics’ 2015-16 Quarterly Labour Force Survey finds that women account for only 10 percent of entrepreneurs in the country. To address this issue, the country’s overall development budget, the Annual Development Program (ADP), includes a program to support women’s entrepreneurship under the Ministry of Women and Children Affairs.

BUDGET CREDIBILITY CHALLENGE

Bangladesh consistently underspends its overall development budget (ADP), but even more striking is the extent to which the funds allocated to the program for women’s entrepreneurship are unutilized. The program’s execution rate varied between 20 and 81 percent between 2012/13 and 2016/17.

BUDGET EXECUTION RATES FOR ANNUAL DEVELOPMENT PLAN AND WOMEN ENTREPRENEURSHIP PROGRAM

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Annual Development Program (ADP)</th>
<th>Women Entrepreneurship</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Approved (BDT crore)</td>
<td>Executed (BDT crore)</td>
</tr>
<tr>
<td>2012-13</td>
<td>57,388</td>
<td>52,510</td>
</tr>
<tr>
<td>2013-14</td>
<td>63,991</td>
<td>59,759</td>
</tr>
<tr>
<td>2014-15</td>
<td>77,836</td>
<td>71,144</td>
</tr>
<tr>
<td>2015-16</td>
<td>93,905</td>
<td>87,067</td>
</tr>
<tr>
<td>2016-17</td>
<td>119,296</td>
<td>107,229</td>
</tr>
</tbody>
</table>

Source: Ministry of Planning, Ministry of Finance
WERE EXPLANATIONS FOR THE DEVIATIONS FOUND IN GOVERNMENT REPORTS?

Yes. The Annual Progress Reports on ADP Implementation Status produced by the Ministry of Planning describe several major issues that affect the execution of the development program, in general. These issues include challenges in formulating projects, coordinating implementation across multiple agencies, and weaknesses in project oversight. Regarding the women’s entrepreneurship program, the same reports indicate that weak coordination among agencies leads to under-execution of the budget.

The following reports were also reviewed, but contained no explanations for the budget deviations in either the ADP or, more specifically, for the women’s program:

- Budget Speech and Budget in Brief by the Ministry of Finance
- Budget Implementation Status by the Ministry of Finance
- Budget reports by the Ministry of Women and Children Affairs
- Bangladesh Economic Review, Annual Reports by Finance Division of the Ministry of Finance

DID THE GOVERNMENT AGREE TO BE INTERVIEWED TO EXPLAIN FURTHER?

Yes. Interviews were conducted with:

- The Additional Secretary of Women and Children Affairs, who stated that underspending is caused by the incapacity of potential women entrepreneurs to develop innovative yet feasible projects as per the guidelines set by relevant agencies.
- The President of District Women Chambers, who pointed to the complex application process, which dissuades women from applying, as the cause of the underspending.

WERE THE REASONS PROVIDED BY GOVERNMENT ADEQUATE?

With regards to the women’s entrepreneurship program, the explanations do not offer enough information to enable a clear understanding of what is causing the underutilization. For example, how exactly does poor interagency coordination affect implementation of the specific program? These reasons also do not clarify why execution has varied significantly during the period: implementation was 81 percent in 2014/15 but fell to 34 percent in 2016/17. Finally, weak coordination and a complex application procedure are policy issues, so more detail on why these challenges have not been addressed is warranted.

This summary is excerpted from research conducted by RAPID, a non-profit research organization that aims to conduct development research and advocacy activities for the advancement of the general public in Bangladesh. The original report is available here: bit.ly/BudgetCredibilityReports. For more information on the Assessing Budget Credibility project, visit internationalbudget.org/budget-credibility.