

Case Study 11: Bangladesh – Supporting women microentrepreneurs

Those at the base of the economy, especially in rural or remote areas, often have limited opportunities to access basic goods and services. Basic needs such as staple foods and other household goods, receiving medical advice and accessing financial services often require travelling long distances and incurring additional costs. This problem is often exacerbated for women by common constraints like lower skill or literacy levels, the need to manage household responsibilities and being uncomfortable dealing with male agents.

iSocial's Kallyani model

Building on a model developed in 2009 by Bangladesh-based NGO Dnet, iSocial was established in 2016 as a for-profit social enterprise that supports the lives and well-being of women at the base of the economy by empowering them economically and socially. iSocial's innovative model features young women who are recruited as agents known as "Kallyani". Travelling by bicycle or setting up their own "K-Shop", these microentrepreneurs provide a range of critical services to women, children and adolescent girls in rural communities. Each Kallyani is supported by regional iSocial Hub offices that give them formal training, including business and digital skills, and necessary technology (i.e. a smartphone or tablet) to enable them to resell a range of fee-based services and low-cost products. Some examples of the services made available to the poor by iSocial's Kallyani include:

- **E-commerce.** iSocial creates earning opportunities for young women through its retailers' e-commerce platform, where a Kallyani can enrol, buy products and pay via their digital wallet, which is integrated with the platform. Each Kallyani is also a registered sales agent of an economy-wide e-commerce platform known as "Ekshop". Using their own Kallyani identification, they can use both platforms to sell products to women in remote villages who do not have their own mobile phone or internet access, enabling them to become part of the digital economy. Kallyanis earn commission income on product sales and deliveries.
- **Finance.** Each Kallyani is given a mobile wallet account used for transactions on the e-commerce platforms. They can also help clients with creating their own mobile wallet accounts. For clients who create mobile wallet accounts, the Kallyani provide cash-in cash-out services. Kallyanis can also provide a cash-out service for beneficiaries of the government's social protection program, who receive their payment through a mobile banking account and then cash it out with a Kallyani.
- **Health.** Provision of basic health services, including blood testing, pregnancy tests and advice on nutrition, hygiene, mental health etc.
- **Information.** Collecting individual, household or market-level data for public and private use. Kallyani are also used in public campaigns to raise awareness on issues affecting local communities.
- **Agriculture.** Using technology to provide insights or advice to farmers on agriculture, horticulture and livestock issues, and services like animal vaccination and fish cultivation.

Following an extensive pilot phase supported by the UNCDF, iSocial has created nearly 1,000 Kallyani microentrepreneurs, of whom about 200 have set up their own physical "K-shop". The Kallyani are supported by six iSocial HUB offices spread across Bangladesh. Through this network, iSocial has been able to reach nearly 130,000 households and provide services to about 200,000 women and children (iSocial 2020). A unique element of the iSocial e-commerce model is that it brings not only products, but also critical services, to citizens at the base of the economy.

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While the initial phase of the program has had a top-down structure that enables women in remote communities to access goods and services, iSocial intends to expand the program to develop bottom-up components, including enabling these women to expand their markets and sell their own products on the Kallyani e-commerce platform. iSocial is also working to expand its network with a new open-for-all platform named shujog.xyz, which recently won the top prize in a government-hosted hackathon responding to the economic effects of Covid-19.

The role and impact of government support

Much of the success of the Kallyani model has been enabled by the actions of the government of Bangladesh. The central bank, Bangladesh Bank, formulated a regulation on agent banking and digital wallets that was critical to enabling women microentrepreneurs to make and receive digital payments and order products for their customers online, through an integrated digital-wallet-based payment system supported by a prominent commercial bank, Bank Asia, and a state-owned digital financial service provider, Nagad.

The ICT division of the Bangladesh Ministry of Post, Telecommunications and ICT plays a crucial role in promoting women's entrepreneurship in the digital economy and has been a major supporter of iSocial and the Kallyani program. To support the sustainability of the business model, in 2017 the ICT ministry provided a small grant to subsidise some costs of the Kallyani program, such as buying smartphones and supplying working capital to buy products for resale. Subsidisation of the early phase of the program was crucial to reducing entry barriers and achieving economies of scale. Each Kallyani is also given an identification badge that includes the ICT ministry logo, which helps to establish trust in them in their villages.