

State of the Ecosystem for

# Youth Entrepreneurship in Bangladesh



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# Acronyms

<b>API</b>	Application Programming Interface
<b>A2i</b>	Aspire to Innovate
<b>BB</b>	Bangladesh Bank
<b>BBS</b>	Bangladesh Bureau of Statistics
<b>BIDS</b>	Bangladesh Institute of Development Studies
<b>C2C</b>	Consumer to Consumer
<b>DFS</b>	Digital Financial Services
<b>EFYP</b>	Eighth Five Year Plan
<b>GDP</b>	Gross Domestic Product
<b>GoB</b>	Government of Bangladesh
<b>HEQEP</b>	Higher Education Quality Enhancement Project, 2010
<b>HIES</b>	Household Income & Expenditure Survey
<b>ICT</b>	Information and Communications Technology
<b>iDEA</b>	Innovation Design and Entrepreneurship Academy
<b>IDRA</b>	Insurance Development and Regulatory Authority
<b>IDTP</b>	Interoperable Digital Technology Platform
<b>ILO</b>	International Labour Organization
<b>IP</b>	Intellectual Property
<b>IPR</b>	Intellectual Property Rights
<b>IsDB</b>	Islamic Development Bank
<b>IT</b>	Information Technology
<b>ITeS</b>	Information Technology Enabled Services
<b>MAC</b>	Middle and Affluent Class
<b>MFI</b>	Micro Finance Institutions
<b>MNCs</b>	Multi-National Companies
<b>MSME</b>	Micro, Small, Medium Enterprise
<b>NBFI</b>	Non-Banking Financial Institution
<b>NEET</b>	Not in Education, Employment, or Training
<b>NEP</b>	National Education Policy, 2010
<b>NGO</b>	Non-Governmental Organisation
<b>NSDC</b>	National Skills Development Council
<b>NSDP</b>	National Skills Development Policy, 2011
<b>NSU</b>	North South University
<b>NYP</b>	National Youth Policy, 2017





<b>PE</b>	Private Equity
<b>PPP</b>	Public Private Partnership
<b>OPGSP</b>	Online Payment Gateway Service Provider
<b>R&amp;D</b>	Research and Development
<b>RMG</b>	Ready-made garment
<b>SaaS</b>	Software as a service
<b>SANEM</b>	South Asian Network of Economic Modelers
<b>SDG</b>	Sustainable Development Goal
<b>SFYF</b>	Seventh Five Year Plan
<b>SIDA</b>	Swedish International Development Authority (SIDA)
<b>SME</b>	Small and Medium Enterprise
<b>TVET</b>	Technical and Vocational Education and Training
<b>UNCDF</b>	United Nations Capital Development Fund
<b>UNDESA</b>	United Nations Department of Economic and Social Affairs
<b>UNDP</b>	United Nations Development Programme
<b>UNICEF</b>	United Nations Children's Fund
<b>VAT</b>	Value Added Tax
<b>VC</b>	Venture Capital



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# Table of Contents

Executive Summary	10
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## 01

### Background and Methodology

1.1 Executive Summary	18
1.2 Key Definitions and Concepts	20
1.3 Methodology and Limitations of Data Collection, Analysis and Synthesis	25
1.4 Frameworks Used Throughout the Study	27
1.5 Demography of the Sample	29

## 02


### Contextualising Youth Entrepreneurship in Bangladesh

2.1 Bangladesh: The Rising Economic Story	33
2.2 Contextualising Youth Entrepreneurship and Youth-Led Enterprises	35
2.3 Strategies, Policies, and Plans to Develop Youth Entrepreneurship	46

## 03

### Deep Dive into the Youth Entrepreneurship Ecosystem

3.1 Policy and Regulatory Framework	53
3.2 Human Capital and Entrepreneurship Culture	61
3.3 Access to Finance and Incentives	69
3.4 Business Development Support and Infrastructure	78
3.5 Access to Market	84
3.6 Innovation and Technology	89





## 04

### Stakeholder Mapping and Sectoral Analysis

4.1 Mapping of the Stakeholders Supporting the Ecosystem	96
4.2 Sectors with High Potential for Youth Entrepreneurship	102
4.2.1 <i>Agriculture</i>	104
4.2.2 <i>Education</i>	106
4.2.3 <i>Healthcare</i>	108
4.2.4 <i>Financial Services</i>	109
4.2.5 <i>Information communications technology (ICT)</i>	111

## 05

### Recommendations

113

### Annex

122

Annex 1: Limitations of the Data Collection and Analysis Process	123
Annex 2: Hex Key Domain Framework	125
Annex 3: In-Depth Interviews	127
Annex 4: In-depth Interview Guidelines	129
Annex 5: Hex Confidence Index	130
Annex 6: Survey Guideline and Questionnaire	131







# Executive Summary

Bangladesh has shown tremendous economic growth in the past decade and is expected to become an upper-middle-income country by 2031. At the same time, the country faces a magnitude of challenges related to the inclusivity and sustainability of this growth. The COVID-19 pandemic has further exacerbated these challenges, hitting the most vulnerable - including women, minorities, and young people - hardest.

As of 2020, out of the 165 million Bangladeshi people, approximately 63.7 percent were under the age of 35. However, Bangladesh will become an ageing society on the 2029 and window of opportunity to capitalise on Bangladesh's demographic dividend should not be wasted. To amplify the impacts of steady economic growth, achieve targets related to the Sustainable Development Goals (SDGs) by the year 2030, and address the challenges related to the inclusivity and sustainability of the economic growth, it is necessary to support the human development and economic empowerment of the large youth population.

Unemployment is one of the key challenges facing Bangladesh's young people. Youth entrepreneurship is a potential solution to address this challenge and achieve positive impacts at scale. Entrepreneurship does not only provide young people with opportunities to achieve financial independence but enables them to create employment and support their peers and communities through their business practices.

United Nations Development Programme (UNDP) – under the Youth Co:Lab initiative co-led by UNDP and Citi Foundation - the Islamic Development Bank (IsDB) and Startup Bangladesh Limited have commissioned this first-of-its-kind study to strengthen the understanding of the current state of the ecosystem for youth entrepreneurship in Bangladesh and provide data-driven recommendations to develop the ecosystem over the coming years.

This study has estimated that there are 3.8 million young entrepreneurs in Bangladesh. Understanding the challenges and opportunities within the entrepreneurship ecosystem is vital for amplifying the potential of youth entrepreneurship and support these youth-led enterprises in growing and developing their businesses. The study produced a comprehensive assessment of challenges and opportunities within the six central domains of youth entrepreneurship ecosystem by incorporating youth and inclusion lenses in the analysis throughout.

## 01 | Policy and Regulatory Framework

Government agencies and regulatory bodies play a key role in establishing the foundation for Bangladesh's youth entrepreneurship ecosystem. The government has introduced facilities in equity investments, funding and grants, accelerator and incubator programmes and innovation labs through initiatives such as the iDEA project, a2i, Startup Bangladesh Limited, Startup Incubator, and Connecting StartUp. Action plans led by policies such as the National Youth Policy, ICT policy, Gender Action Plan 2018-2021, SME Policy 2019 have enabled education, vocational training, and access to finance and business development support for young entrepreneurs in both urban and rural areas.

However, lengthy bureaucratic processes and irregularities along with the absence of a youth-specific lens in the policy design and implementation hinder young entrepreneurs from successful access to and fulfilment of many formalities during the establishment and growth of their ventures.

## 02 | Human Capital and Entrepreneurship Culture

A thriving entrepreneurship ecosystem requires a stream of skilled human resources and a supportive cultural environment. Integration of the entrepreneurial skills development agenda into education curricula encourages and helps youth to become entrepreneurs and address the challenges related to growing unemployment among young graduates. Programmes such as Dhaka University Innovation and Incubation Lab, Daffodil Business Incubation, NSU Startup Next, Business Incubation Centre by Brac University, centre for Enterprise, and Society (CES) at the University of Liberal Arts Bangladesh (ULAB) provide incubation platforms and contribute to entrepreneurial spirit among students. The global startup movement and local success stories in Bangladesh's youth startup ecosystem are also encouraging young people to pursue entrepreneurship in ICT-led ventures.

Despite increasing interest in entrepreneurship among the youth population, Bangladesh's supply of human capital does not match demand. This is largely caused by young people lacking the foundational skills and knowledge required to support entrepreneurial ventures.



## 03 | Access to Finance and Incentives

Financing and other financial incentives such as tax incentives are vital for the successful development of entrepreneurial ventures. The development of Bangladesh's youth entrepreneurship ecosystem has been supported by the growing number of funding opportunities being provided by public and private institutions. The ecosystem has received financing support from the Government of Bangladesh (GoB), including a US\$7 billion loan disbursement for the SME sectors by 2023, and funds of more than \$58.9 billion to enhance the startup ecosystem. At the other end of the spectrum, microfinance solutions provided by private organisations such as BRAC and Grameen have supported micro and small-scale businesses led by youth.

Despite these opportunities, the ecosystem lacks solutions that are specifically catered to the different types of youth-led enterprises at different stages of growth. Financial institutions and capital markets remain hesitant to invest in youth-led enterprises. The incentives applicable to investors and entrepreneurs are not sufficiently aligned, hindering the growth and sustainability of youth-led businesses.

## 04 | Business Development Support and Infrastructure

Access to relevant business development support and supportive infrastructure is vital for the establishment and sustainability of youth-led businesses. Although still small, there is growing support from accelerators, incubators, and capacity building, advocacy, and awareness programmes which provide services such as mentorship, training, and advice.

Despite the efforts of different ecosystem builders, the current scale and scope of support are not adequate to reach all young entrepreneurs. It is difficult to find readily available, consolidated platforms to provide mentorship, guidance, and training for youth entrepreneurs. Availability of and access to support varies significantly by region, gender of entrepreneur, and enterprise type. In terms of infrastructure, Bangladesh ranks 109 in infrastructure in the Global Competitive Index 2019, deeming the need for the improvement of physical and supportive infrastructures across the country for the youth entrepreneurs.





## 05 | Access to Market

Access to local, regional, national, and international markets is vital for the growth and sustainability of youth-led enterprises. Initiatives led by development organisations as well as government entities have broadened markets for youth in rural areas. Access to local and regional markets have been enabled through the provision of better infrastructure, including rural roads, rural electrification, and storage facilities. Moreover, improved internet access has enabled youth to conduct businesses online, opening up new markets.

Despite the opportunities, market access for youth entrepreneurs is significantly hindered by inefficiencies in value chains, especially in the agriculture sector. Issues such as the dominance of marginal entrepreneurs, inadequate market infrastructure and absence of scale economies result in barriers in access to market for small-scale youth entrepreneurs.

## 06 | Innovation and Technology

It is increasingly vital for youth entrepreneurs to access the internet and relevant technology. Bangladesh's current mobile and internet penetration rates are 100 percent and 68 percent, which provide young entrepreneurs opportunities to leverage technology to sustain their businesses and, in some cases, to develop innovative solutions. The vision of a digitally enabled Bangladesh has led the government to implement strategies that prioritise enabling technology and innovation and promoting relevant skills adoption among youth.

Despite such opportunities, inadequate provision of research and development facilities, power supply, accessible and affordable internet services and easy payment systems are barring the development and innovation of many youth-led entrepreneurial ventures. Inadequacies in the intellectual property rights regime prevent certain young entrepreneurs from earning their rightful revenues. Despite high mobile and internet penetration, many young female and male entrepreneurs have insufficient access to good quality internet services at affordable prices.



# Recommendations

To improve the youth entrepreneurship ecosystem, the report provides the following recommendations to develop actionable interventions.

## Recommendation 01

**Strengthen entrepreneurship culture and access to entrepreneurial skills development opportunities by integrating entrepreneurial skills development agenda into national curricula and education systems at all levels across the country.**

Entrepreneurship culture can be strengthened through actions including investment in technical and vocational education and training (TVET), incentivising public and private academic institutions to strengthen industry-academia linkages for skills-based learning outcomes and job placement programmes, promoting private and public sector-backed entrepreneurship development programmes and platforms for students, and widening access to capacity building sessions and training by ecosystem builders and intermediaries. Such investment in the education system will enable better training programmes, practical education facilities, skills enhancement, and opportunities for the development of potential of young (aspiring) entrepreneurs regardless of their social and economic status. Young women and girls need to be encouraged to engage in skills development programmes and technical education to address challenges related to cultural barriers and stigma against young women in entrepreneurship and employment.

## Recommendation 02

**Develop and scale access to capacity building opportunities and business development support services for young entrepreneurs.**

Capacity building opportunities for youth entrepreneurs need to be improved through expansion of capacity development platforms, especially in rural and peri-urban areas. These initiatives need to address the inadequate access to education, information, and networking, and provide opportunities for the development of hard and soft skills among young entrepreneurs.

### Recommendation 03

#### **Ease the business establishment, operational, and expansion processes for youth-led enterprises**

The business processes can be eased through the development of a one-stop online portal for bureaucratic processes and legal and regulatory compliance, strengthened coordination and collaboration between different government entities to ensure consistency in legal and regulatory compliance and other bureaucratic processes, and provision of facilities and support to leverage local and international market channels. There is a need to ensure fewer bureaucratic barriers for entrepreneurs to establish, operate and expand their businesses, ease access to international markets and make Bangladeshi businesses more competitive in the international market, and provide market access to new and emerging youth-led enterprises.

### Recommendation 04

#### **Increase advocacy, awareness, and provision of entrepreneur-specific finance for MSMEs, start-ups and social entrepreneurs.**

Bangladesh Bank and the Commerce Ministry can guide local financial institutions to develop and provide access to financial instruments and services catered to youth-led enterprises with a collateral-free lower interest rates and easier payback terms. Authorities must develop platforms with a wider base of funding or funders for different enterprise types and industries where young entrepreneurs can connect to investors at various stages of funding need.

### Recommendation 05

#### **Develop a robust policy and regulatory framework for entrepreneurship that is responsive to youth-specific needs.**

The policy and regulatory framework on youth entrepreneurship have to be improved, strengthening consistency and coordination among government ministries on youth and youth entrepreneurship related policies and ensuring that inclusion and gender lenses are incorporated in the policies and strategies. There is a need to adopt formal definitions of startups and social enterprises.

### Recommendation 06

**Strengthen the capacity of the system to collect and use data that is relevant to enable a thriving youth entrepreneurship ecosystem.**

The significant data gap on youth and entrepreneurship needs to be addressed to support evidence-based development of policies and interventions on youth entrepreneurship. Data on entrepreneurship should include age-disaggregated data and enable segmented analysis of youth entrepreneurship (based on geographic locations, sectors, enterprise types, gender). The inclusion lens needs to be adopted in the data collection and analysis to understand the needs of vulnerable and minority youth. Data should be made widely available and digitally accessible for national and international stakeholders.

### Recommendation 07

**Develop targeted means to enhance youth-led businesses' access to market, especially in rural areas.**

The business capacity of youth entrepreneurs in rural areas can be enhanced by improving national market access opportunities for rural entrepreneurs and addressing inefficiencies in agricultural supply and value chains. Improved agricultural supply and value chains provide better entrepreneurial opportunities for youth in the sector and contribute to employment and poverty reduction in rural areas.



# 01

## Background and Methodology

### 1.1

Background to the Report

### 1.2

Key Definitions and Concepts

### 1.3

Methodology and Limitations of Data Collection, Analysis and Synthesis

### 1.4

Frameworks Used Throughout the Study

### 1.5

Demography of the Sample



# 1.1

## Background to the Report

Bangladesh has witnessed steady economic growth over the past decade, averaging six percent Gross Domestic Product (GDP) growth per annum. At the same time, the country faces a magnitude of challenges related to the inclusivity and sustainability of this growth. The COVID-19 pandemic has further exacerbated these challenges, hitting the most vulnerable - including women, minorities, and young people - hardest.

As of 2020, out of the 165 million Bangladeshi people, approximately 63.7 percent were under the age of 35. To amplify the impacts of steady economic growth, achieve targets related to the Sustainable Development Goals (SDGs) by the year 2030, and address the challenges related to the inclusivity and sustainability of the economic growth, it is necessary to support the human development and economic empowerment of the large youth population.

Unemployment is one of the key challenges facing Bangladesh's young people. Youth entrepreneurship is a potential solution to address this challenge and achieve positive impacts at scale. Entrepreneurship does not only provide young people with opportunities to achieve financial independence but enables them to create employment and support their peers and communities through their business practices.

A supportive and enabling operating environment is a prerequisite for catalysing the potential of youth entrepreneurship. The ecosystem for youth entrepreneurship

consists of the various structural and institutional factors, such as policies and regulatory frameworks, education systems, business support services, financing opportunities, and infrastructures, and multitude of stakeholders. The development of the ecosystem for youth entrepreneurship is key to ensuring that young women and men have access to the skills, resources, and services necessary to establish, grow, and sustain their businesses.

Building on their existing collaboration, the United Nations Development Programme (UNDP) – under the Youth Co:Lab initiative co-led by UNDP and Citi Foundation - and the Islamic Development Bank (IsDB) commissioned this research to identify entry points for strengthening the youth entrepreneurship ecosystem in Bangladesh. Currently, there is a lack of existing data and baseline assessment of the youth entrepreneurship ecosystem in Bangladesh, making this report a first-of-its-kind. In addition to the youth-responsive approach, the report incorporates an inclusion lens in the analysis and provides insights into challenges and opportunities related to entrepreneurship among minorities and vulnerable communities.

Guided by Youth 2030: the United Nations Strategy on Youth, UNDP strives to realise a world in which the human rights of every young person are realised; that ensures every young person is empowered to achieve their full potential, and that recognises young people's agency, resilience

and their positive contributions as agents of change. Youth Co:Lab aims to establish a common agenda for Asia-Pacific countries to invest in and empower youth to accelerate the implementation of the SDGs through leadership, social innovation and entrepreneurship.

IsDB's Youth Development Strategy 2020-2025 (YDS) provides the strategic framework for how IsDB's interventions integrate the needs of youth. The YDS has two principal objectives; to support young women and men to be: i) productive and economically empowered to contribute to the development of their societies; and ii) engaged and responsible, in order to embody and embrace leadership. The YDS has three mutually reinforcing strategic pillars: Education, Economic Empowerment and Engagement.

This study of the State of the Ecosystem for Youth Entrepreneurship in Bangladesh aims to achieve the following key objectives:

**I** Produce a baseline assessment of the state of the ecosystem for youth entrepreneurship in Bangladesh

**II** Understand the challenges and opportunities for developing the ecosystem

**III** Provide data-driven recommendations to develop the youth entrepreneurship ecosystem over the coming years



# 1.2

## Key Definitions and Concepts

### Defining Youth

This study adopts the definition of youth as set by the Government of Bangladesh. According to the National Youth Policy 2017, youth in Bangladesh are defined as any citizen who are in the age range of 18 to 35 years.

The below table provides a comparison of definitions of youth by key organisations for the purposes of this study.

United Nations Department of Economic and Social Affairs has defined Youth as the “period of transition from the dependence of childhood to adulthood’s independence.”<sup>1</sup> This consideration is important to note because of the specific strengths and vulnerabilities that young people possess during the transitional phase.

**Table 1:** Definitions of Youth

Organization/Authority	Definition of Youth
United Nations	15-24 years
Global Entrepreneurship Monitor	18-34 years
Islamic Development Bank	15-35 years
Government of Bangladesh	18-35 years

### Defining Entrepreneur and Entrepreneurship

This study adopts the OECD/Eurostat EIP definition of entrepreneurs, defining them as “those persons (business owners) who seek to generate value, through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets”.

By observation, entrepreneurship covers any or all four of the criteria<sup>2</sup>:

**Engagement in some form of economic activity**

**Willingness to take on risk to achieve profits/ value-addition (economic or social)**

**Undertaking profit-seeking/value addition activity**

**Employment of creativity, innovation, and/or development**

<sup>1</sup> United Nations Department of Economic and Social Affairs Publications (2020). “Exploring Youth Entrepreneurship”. Retrieved from: <https://sdgs.un.org/publications/exploring-youth-entrepreneurship-24572>

<sup>2</sup> OECD Statistics Working Paper (2008). “Entrepreneurial Activity: Definitions Supporting Frameworks for Data Collection”. Retrieved from: <https://doi.org/10.1787/243164686763>

According to a report by Youth Co:Lab, the Global Entrepreneurship Monitor defines entrepreneurship as “any attempt at new business or new venture creation, such as self-employment, a new business organisation, or the expansion of an existing business, by an individual, a team of individuals, or an established business”<sup>3</sup>. Alongside the above-mentioned characteristics of entrepreneurial activity, this definition of entrepreneurship is employed

throughout the report.

This report defines **youth entrepreneurship** as those adult youth (18-35 years) that are engaged in entrepreneurship activities in Bangladesh and seek to generate value through the creation or expansion of economic activity, by identifying and exploiting new products, processes or markets based in Bangladesh.

## Defining the Various Enterprise Types

This study adopts the Government of Bangladesh’s definitions of enterprise types. As such, according to the recent definitions and guidelines set by the Bangladesh Bank, micro, small, medium and cottage enterprises are defined as follows<sup>4</sup> :

**Table 2:** Definition of Enterprises for Service Sector

Type of Enterprise	Defined Size	Defined Asset Range	Loan Limit
	(in no. of employees)	(in USD*)	(in USD*)
Micro Enterprise	<15	<12,000	30,000
Small Enterprise	16 – 50	12,001 – 240,000	590,000
Medium Enterprise	51 – 120	240,001 – 3,550,000	5,900,000

**Table 3:** Definition of Enterprises for Manufacturing Sector

Type of Enterprise	Defined Size	Defined Asset Range	Loan Limit
	(in no. of employees)	(in USD*)	(in USD*)
Cottage Enterprise	<15	<12,000	12,000
Micro Enterprise	16 – 30	12,001 – 88,500	120,000
Small Enterprise	31 – 120	88,501 – 1,800,000	2,400,000
Medium Enterprise	121 – 300	1,800,001 – 5,900,000	8,850,000

While the regulatory authorities in Bangladesh provide clear definitions for traditional enterprise types, there is yet to be a centrally or widely agreed-upon definitions of startups and social enterprises in Bangladesh. This is despite the fact that both of these enterprise types have come increasingly to the fore in recent years.

Given this gap, this report proposes definitions for both Startups and Social Enterprises that are appropriate for the Bangladesh context.

<sup>3</sup> Global Entrepreneurship Monitor (GEM) and Youth Co:Lab (2019). “Youth Entrepreneurship in Asia and the Pacific 2019”. Retrieved from: <https://www.undp.org/publications/youth-entrepreneurship-asia-and-pacific-2019>

<sup>4</sup> Bangladesh Bank

## Defining Startup

As the startup ecosystem continues to gain traction in Bangladesh, the need to formally recognise startups within the policy and regulatory framework is increasingly important. While there is no such formal recognition as a unique enterprise type within the Bangladesh policy framework, the global literature provides a few key characteristics commonly associated with startups.

### Early-stage enterprises with significant growth potential<sup>5</sup>

Startups are commonly identified as being privately-held, in operation for less than five years, and believed to have significant scalability and growth potential.

### Funds-seeking over several rounds of investment

Startups commonly seek several rounds of investment to sustain rapid growth.

### Employing or developing unique business models

Startups tend to employ innovative business models through the development of unique management practices, technology adoption, and/or supply-chain transformation (as examples). These unique business models are often tied to solving a problem through an innovative product, service, tool, or value proposition.

**In Bangladesh,** a startup can be defined as “An enterprise originated in Bangladesh and by Bangladeshi entrepreneurs, which is in operation for less than ten years, and is actively working towards innovation, development, deployment and commercialisation of new products, processes, or services driven by technology or intellectual property with a scalable business model.”<sup>6</sup>

Importantly, Bangladesh’s policy framework should recognise and respond to the common characteristics, and therefore needs, associated with being a startup.

This includes policy and regulatory provisions for

1. startup financing and capital
2. de-risking investment and exit strategy for investors
3. startup ownership structure. Ensuring such provision can help to support startups and the startup ecosystem.

These points are explored in detail in the Policy and Regulatory section below.

<sup>5</sup> Startup Genome (2020). “The Global Startup Ecosystem Report 2020 (GSER 2020)”. Retrieved from: <https://startupgenome.com/report/gser2020>

<sup>6</sup> LightCastle Partners (2021). “Bangladesh Startup Ecosystem Report 2021”. Retrieved from: <https://www.lightcastlebd.com/insights/2021/06/bangladesh-startup-ecosystem-report-2021>

## Defining Social Enterprise

There is no nationally recognised definition of Social Entrepreneurship in Bangladesh, despite the fact that Bangladesh has been at the frontier in promoting the development of the concept of the “social business”. According to a policy landscape analysis, British Council coined the term as, “A business created and designed with a social purpose, which addresses a social problem through its business operation and re-invest the earnings into their social objective, to become financially self-sustainable, rather than simply maximising profits for owners and shareholders”.<sup>7</sup>

A few key characteristics are commonly associated with social enterprises:

### Solve a social problem

Social enterprises are defined as a venture created and designed principally to solve a social problem. As such, irrespective of it being a for-profit or a non-profit organisation, a social enterprise’s goal is to achieve social goals via its operations.<sup>8</sup>

### Profit-based financial structure with reinvestment emphasis

Social enterprises are non-loss, non-dividend organisations within which surplus funds/profits are principally reinvested in the business.<sup>9</sup>

### Various lenses and organisational priorities (gender, employment, inclusivity)

Social enterprises are commonly associated with creating employment through various initiatives. Moreover, such enterprises commonly create jobs, empower women, and create services that emphasise inclusiveness.<sup>10</sup>

### Inherent tie to achieving Sustainable Development Goals (SDG)

Due to social enterprises’ inherent connection to social and environmental efforts, these enterprises typically align their goals with that of one or more of the SDGs.<sup>11</sup>

In sum, social enterprises aim to address social problems via commercial strategies<sup>12</sup>.

<sup>7</sup> British Council, ODI (2015). “Social Enterprise Landscape Policy in Bangladesh”. Retrieved from: [https://www.britishcouncil.org/sites/default/files/social\\_enterprise\\_policy\\_landscape\\_in\\_bangladesh.pdf](https://www.britishcouncil.org/sites/default/files/social_enterprise_policy_landscape_in_bangladesh.pdf)

<sup>8</sup> British Council, ODI (2015). “Social Enterprise Landscape Policy in Bangladesh”. Retrieved from: [https://www.britishcouncil.org/sites/default/files/social\\_enterprise\\_policy\\_landscape\\_in\\_bangladesh.pdf](https://www.britishcouncil.org/sites/default/files/social_enterprise_policy_landscape_in_bangladesh.pdf)

<sup>9</sup> British Council, ODI (2015). “Social Enterprise Landscape Policy in Bangladesh”. Retrieved from: [https://www.britishcouncil.org/sites/default/files/social\\_enterprise\\_policy\\_landscape\\_in\\_bangladesh.pdf](https://www.britishcouncil.org/sites/default/files/social_enterprise_policy_landscape_in_bangladesh.pdf)

<sup>10</sup> British Council, ODI (2015). “Social Enterprise Landscape Policy in Bangladesh”. Retrieved from: [https://www.britishcouncil.org/sites/default/files/social\\_enterprise\\_policy\\_landscape\\_in\\_bangladesh.pdf](https://www.britishcouncil.org/sites/default/files/social_enterprise_policy_landscape_in_bangladesh.pdf)

<sup>11</sup> United Nations Department of Economic and Social Affairs Publications (2020). “Exploring Youth Entrepreneurship”. Retrieved from: <https://sdgs.un.org/publications/exploring-youth-entrepreneurship-24572>

<sup>12</sup> United Nations Department of Economic and Social Affairs (2020). “Youth Social Entrepreneurship and the 2030 Agenda”. Retrieved from: <https://www.un.org/development/desa/youth/world-youth-report/wyr2020.html>



## Defining Ecosystem Builders

The youth entrepreneurship ecosystem is made up of young entrepreneurs and stakeholders who contribute to creating an enabling environment for youth entrepreneurship.

Ecosystem builders are the stakeholders who provide access to information, networks, support services and resources for the youth entrepreneurs.

The overall ecosystem is built through the collective and collaborative efforts of different ecosystem builders and through the strength of connections between them and youth-led enterprises. The ecosystem builders identified for the purpose of this study include:

- ◆ Entrepreneurial support organisations including non-profit organisations, incubators, accelerators, co-working spaces, and innovation hubs
- ◆ Government entities
- ◆ Community development organisations
- ◆ Government and public officials
- ◆ Universities and academic institutes
- ◆ Chamber of commerce
- ◆ Investors and financial institutions
- ◆ Philanthropies and foundations
- ◆ Large corporations and private sector actors
- ◆ Development partners
- ◆ Media / news organisations
- ◆ Research institutes and think tanks



# 1.3

## Methodology and Limitations of Data Collection, Analysis and Synthesis

### Methodology

This study provides the first collection and analysis of data regarding the state of the ecosystem for youth entrepreneurship in Bangladesh. An assessment of the youth entrepreneurship ecosystem in Bangladesh requires a significant pool of data covering a variety of areas. The following table presents the key focus areas and respective data sources and types used in this research. Detailed information on the ecosystem stakeholders interviewed can be found in the Annex.

**Table 4:** Key Data Sources of the Study

Key Focus Areas	Data Source	Type
National-level strategies, policies and policy implementation	<b>Government of Bangladesh policies:</b> <ul style="list-style-type: none"> <li>◆ National Education Policy (NEP), 2010</li> <li>◆ National Youth Policy, 2017</li> <li>◆ National Skills Development Policy (NSDP), 2011</li> <li>◆ Bangladesh 7<sup>th</sup> Five Year Plan and 8<sup>th</sup> Five Year Plan</li> </ul>	Secondary
Demographic and geographic segmentation of entrepreneurs and enterprise types	<b>Primary Data:</b> <ul style="list-style-type: none"> <li>◆ Survey of 147 entrepreneurs*</li> </ul> <b>Secondary Data:</b> <ul style="list-style-type: none"> <li>◆ Bangladesh Population and Housing Census, 2016</li> <li>◆ Labour Force Survey, 2016-2017</li> <li>◆ Bangladesh Bureau of Statistics Survey 2019</li> <li>◆ ILO Global Employment Trends for Youth 2020</li> </ul> <p><i>* Rather than being a nationally representative sample, the survey of 147 of entrepreneurs is used to generate in-depth insights on the state of the youth entrepreneurship ecosystem.</i></p>	Primary & Secondary



<p>Ecosystem stakeholders' sentiments on the state of youth entrepreneurship in Bangladesh</p>	<p><b>Primary Data:</b></p> <ul style="list-style-type: none"> <li>◆ In-depth interviews with 26 ecosystem stakeholders across groups including enterprises, investors, intermediaries, and ecosystem builders.</li> <li>◆ Survey of 147 young entrepreneurs</li> <li>◆ Sentiment analysis through two virtual Focus Group Discussions with 19 entrepreneurs</li> <li>◆ Hex-Key Confidence Index survey to gauge the sentiments of 28 stakeholders and stakeholder groups to gauge the sentiments of various stakeholders and stakeholder groups</li> </ul> <p><b>Secondary Data:</b></p> <ul style="list-style-type: none"> <li>◆ World Bank/IFC Enterprise Surveys 2013</li> <li>◆ Knoema Global Entrepreneurship Index 2019</li> </ul>	<p>Primary &amp; Secondary</p>
<p>Mapping of the entrepreneurship ecosystem including connections between stakeholders</p>	<p>LightCastle primary analytics: startup survey and mapping; interviews with ecosystem builders, SMEs and startups.</p>	<p>Primary</p>

## Limitations

One of the core challenges is the lack of up-to-date, nationally representative data related to youth entrepreneurship in Bangladesh. There are inconsistencies in the secondary data, which makes it challenging to compare year-on-year changes or changes across demographic and geographic segments. Due to the pandemic, the primary data collected falls short in forming a statistically representative sample of various enterprise types and ecosystem stakeholders.

Further details regarding data limitations are explained in the annex.

# 1.4

## Frameworks Used Throughout the Study

### Defining the Six Key Domains in the Hex-Key Domain Framework

To assess the state of the youth entrepreneurship ecosystem, this study applies Youth Co:Lab's ecosystem diagnostic methodology. This methodology assesses six key domains of the youth entrepreneurship ecosystem, while recognising the close interdependencies between these domains. Each of the domains is analysed with a youth-responsive lens and also the inclusion lens is incorporated in the analysis throughout. The six domains of the Youth Co:Lab ecosystem diagnostic framework are:

- ◆ Policy and Regulatory Framework
- ◆ Human Capital and Entrepreneurship Culture
- ◆ Access to Finance and Incentives
- ◆ Business Development Support and Infrastructure
- ◆ Access to Market
- ◆ Innovation and Technology

The six-domain framework has been informed by leading research in the field, including the framework of Domains of the Entrepreneurship Ecosystem by Daniel Isenberg (2009, 2011)\*. The overall approach is also informed by Youth Co:Lab's work with young entrepreneurs and ecosystem stakeholders, the Government to Community dialogue framework utilised by the Youth Co:Lab project to assess the ingredients of a thriving startup ecosystem, as well as [previous research produced](#) by Youth Co:Lab and its partners, such as Global Entrepreneurship Monitor.

### Framework I: Hex-Key Domain Framework and Confidence Index

For the purpose of this study, data collection and analysis framework called the **Entrepreneurship Hex-Key Domain Framework** was developed. In this framework, the six key domains of Youth Co:Lab's ecosystem diagnostic framework are further bro-

ken down into their component parts and analysed through a youth responsive lens, covering youth-specific challenges and opportunities. Detailed information on the components within each domain is provided in Annex 3<sup>14</sup>:

<sup>14</sup> A detailed breakdown of the survey, confidence index, and domain components are provided in the appendix

\* Isenberg, Daniel (2011). The Entrepreneurship Ecosystem Strategy as a New Paradigm for Economic Policy: Principles for Cultivating Entrepreneurship. Based on an invited presentation at the Institute of International and European Affairs.

The analysis framework and the associated findings provide three key advantages:

01

This framework distils the sentiments of various stakeholders and stakeholder groups and compares sentiments across the groups. This helps in identifying the challenges and opportunities facing various stakeholder groups. For this report, this was done through the Hex-Key Confidence Index, which gauged stakeholders' sentiments on the component parts of a given domain.

02

The findings and analysis within this framework provide segmented data to develop targeted recommendations for each of the major areas. This helps to develop interventions that include identifying key implementing partners, specific outcomes across each domain, and separate timelines for the interventions.

03

This framework provides a holistic analysis of the key domains and factors necessary to develop and sustain an entrepreneurship ecosystem that is supportive of youth.

## Framework II: Ecosystem Mapping - Visualising the Stakeholder Groups and Linkages

The live ecosystem map<sup>15</sup> produced in conjunction with this report aims to provide a detailed picture of the entrepreneurship ecosystem in Bangladesh, including the players and stakeholder groups that are engaged within the ecosystem.

Beyond providing a mapping of the stakeholders involved in the entrepreneurship ecosystem, this analysis provides several key advantages:

- ◆ Identifying and understanding the key nodes within the ecosystem and the nature and strength of the connections between those nodes
- ◆ Identifying breakdowns or gaps in linkages between different stakeholder groups
- ◆ Highlighting potential synergies and opportunities for greater collaboration within the ecosystem





# 1.5

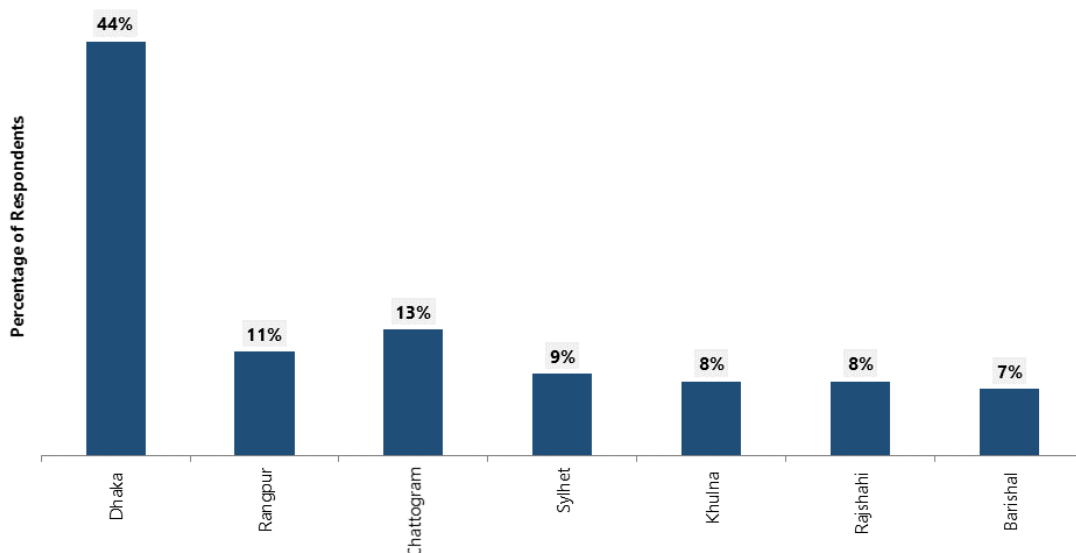
## Demography of the Sample

The survey was taken by 147 youth entrepreneurs between the age of 18 and 35 and 26 key stakeholders to gauge understanding of both entrepreneurs and ecosystem builders' perspectives. This section provides a brief overview of the surveyed entrepreneurs.

### Geographic Segmentation of the Survey Respondents

Among the surveyed entrepreneurs across seven divisions in Bangladesh, 65 percent of respondents reported from urban areas. In contrast, entrepreneurs representing rural and peri-urban regions accounted for only 29 percent and six percent, respectively. Due to the small sample size, this does not act as a representative sample of the distribution of entrepreneurial activity in various regions of Bangladesh. Further research is required to ensure a statistically valid composition.

**Figure 1:** Geographic Segmentation of the Surveyed Entrepreneurs



Source: Primary Analytics, Entrepreneurship Survey (N=147)

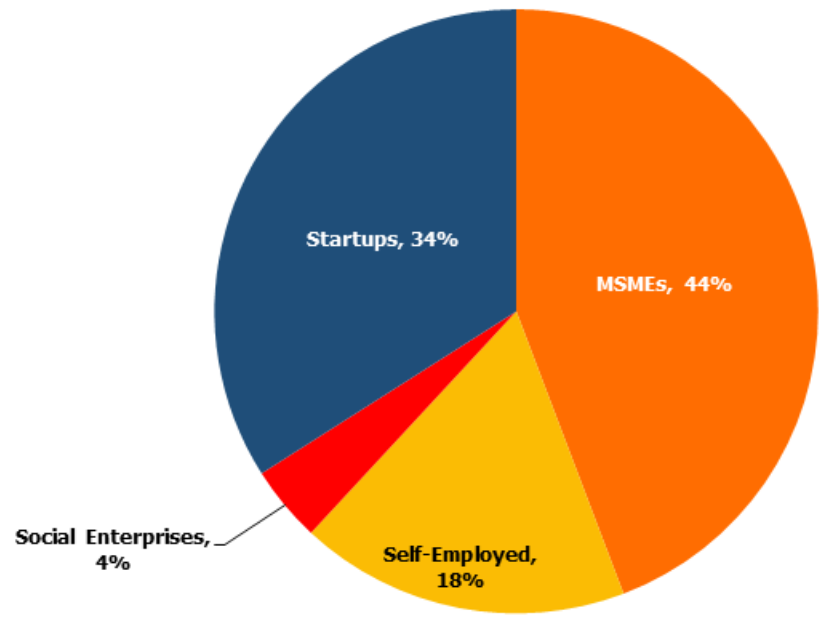
### Enterprise Types and Sectoral Segmentation

The survey sought responses from four enterprise types: (i) startups, (ii) MSMEs, (iii) social enterprises, and (iv) self-employment. MSMEs form the majority of surveyed enterprises (44 percent), with startups (34 percent), self-employment (18 percent), and social enterprises (4 percent) comprising the rest.





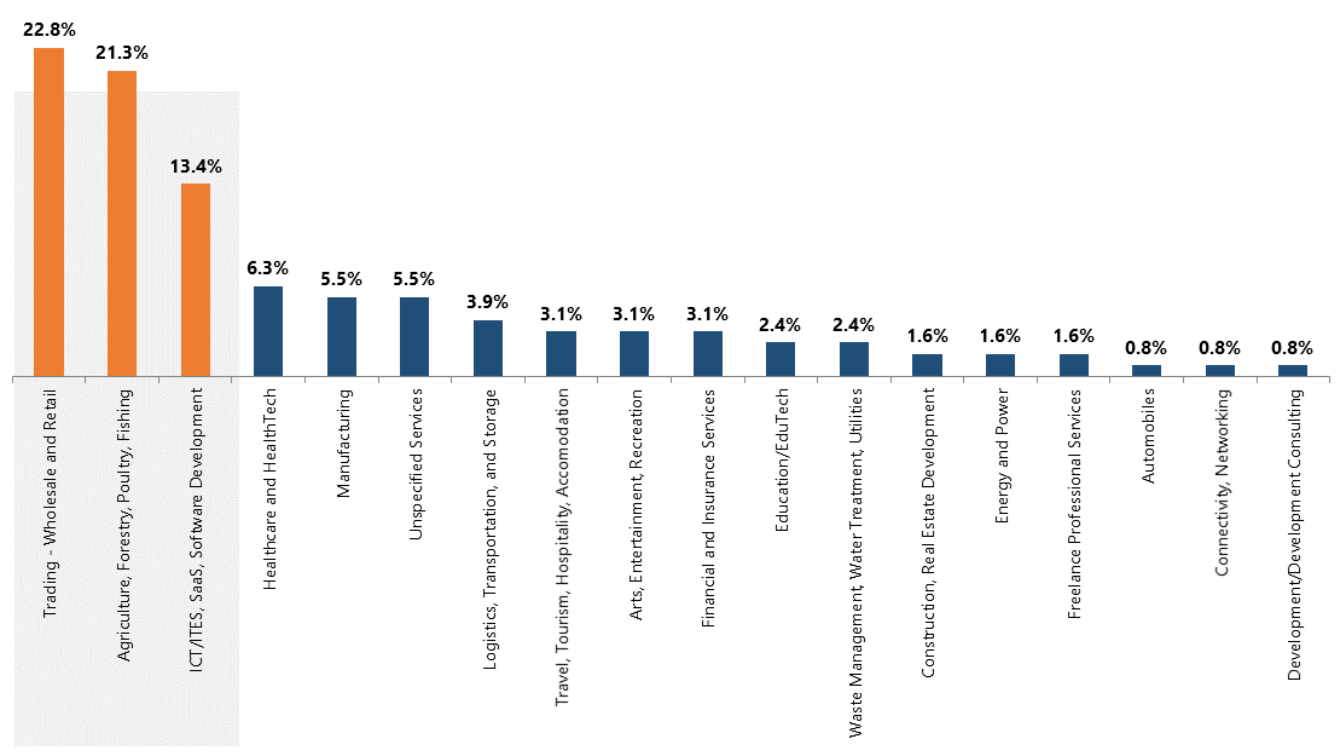
**Figure 2:**  
Share of Enterprise  
Types among Surveyed  
Entrepreneurs



Source: Primary Analytics, Entrepreneurship Survey (N=147)

Trading, Agriculture, and ICT/ITES represent a combined 57.5% of surveyed entrepreneurs' Industries/Sectors.

**Figure 3:** Industry/Sectoral Breakdown of Surveyed Entrepreneurs

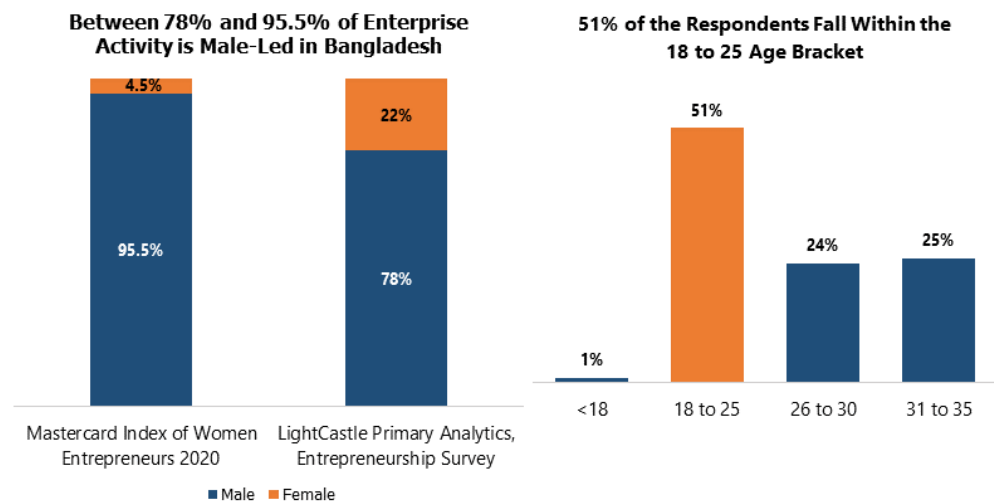


Source: Primary Analytics, Entrepreneurship Survey (N=147)



The survey respondents consist of 78 percent of male and 22 percent of female entrepreneurs, with majority (51 percent) of the respondents falling under 18-25 age category (36 percent of male and 15 percent of female respondents).

**Figure 4:**  
Gender and Age of  
Entrepreneurship Survey  
Respondents<sup>16</sup>



Source: Primary Analytics, Entrepreneurship Survey (N=147)

<sup>16</sup> Mastercard (2020). "The Mastercard Index of Women Entrepreneurs Report ". Retrieved from: <https://www.mastercard.com/news/research-reports/2020/mastercard-index-of-women-entrepreneurs-2020/>



# 02

## Contextualising Youth Entrepreneurship in Bangladesh

### 2.1

Bangladesh: The Rising Economic Story

### 2.2

Contextualising Youth Entrepreneurship and Youth-Led Enterprises

### 2.3

Strategies, Policies, and Plans to Develop Youth Entrepreneurship

# 2.1

## Bangladesh: The Rising Economic Story

The Bangladesh economy has performed exceptionally well on the South Asian stage. Despite limited resources, Bangladesh has witnessed one of the fastest reductions in poverty in the last decade. From meeting the target of reducing the proportion of population below the poverty line (currently 20.5 percent according to Poverty Maps of Bangladesh 2016-Bangladesh Bureau of Statistics) to reaching the targets in reducing the infant mortality rate from 92 in 1990 to 24 per 1000 live births now, Bangladesh has come a long way in terms of improving living standards. In terms of education, the country has achieved 97.85 percent enrolment in primary educational institutes as of 2018, and obtained gender parity with more girls than boys in primary and secondary schools. The country has also met the targets in preventing malaria deaths (fall in cases 93% – from 84,690 in 2008 to 6,130 cases in 2020, according to BRAC<sup>17</sup>), and in improving access to safe drinking water.<sup>18</sup>

Over the past four years, Bangladesh has shown higher economic growth than many other countries in South Asia, such as India, Pakistan, and Sri Lanka. While the COVID-19 pandemic has had significant adverse effects on lives and livelihoods, growth continued during the pandemic, at 3.8 percent in 2020. This is a higher growth rate than in

some neighbouring countries with similar sizes and types of economy.<sup>19</sup> The IMF has projected that Bangladesh's growth in 2021-2022 will be 9.5%. PriceWaterhouseCoopers (PWC) projects that Bangladesh will be the 28th largest economy by 2030, and the 23rd largest by 2050. Goldman Sachs forecasts Bangladesh as one of the countries in 'N11' after BRICS who will dominate the future world economy.<sup>20</sup>

Bangladesh's large youth population and young workforce are some of its greatest strengths. However, youth unemployment remains a major challenge. The Labour Force Survey (LFS) 2016-17 of the Bangladesh Bureau of Statistics (BBS) reveals that, while the national unemployment rate is 4.2 percent, youth unemployment is as high as 10.6 percent. The share of unemployed youth in total unemployment is 79.6 percent. More strikingly, the unemployment rate among youth having a tertiary level education is 13.4 percent (BBS, 2018).

Even before the pandemic, there were challenges related to inclusivity of growth, and the effects of the pandemic have exacerbated these challenges, especially in terms of access to education, employment and income generation opportunities and

<sup>17</sup> Brac (2021). 'Liberating Bangladesh from malaria: How far have we come in the last 50 years?' Retrieved from: <http://blog.brac.net/liberating-bangladesh-from-malaria-how-far-have-we-come-in-the-last-50-years/>

<sup>18</sup> Social Watch (2019). "SDGS AND BANGLADESH: PROGRESS, CHALLENGES AND MISSING LINKS". Retrieved from: <https://www.socialwatch.org/node/18286>

<sup>19</sup> International Monetary Fund (2021). Data Mapper, April 2021. Retrieved from: [https://www.imf.org/external/data-mapper/NGDP\\_RPCH@WEO/OEMDC/ADVEC/WEOORLD](https://www.imf.org/external/data-mapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEOORLD)

<sup>20</sup> Centre for Research and Information (2020). 'Resilient Bangladesh: Towards Recovery and Progress'. Retrieved from: <https://cri.org.bd/publication/2021/Recovery-and-Progress/Resilient-Bangladesh-Towards-Recovery-and-Progress-2020.pdf>

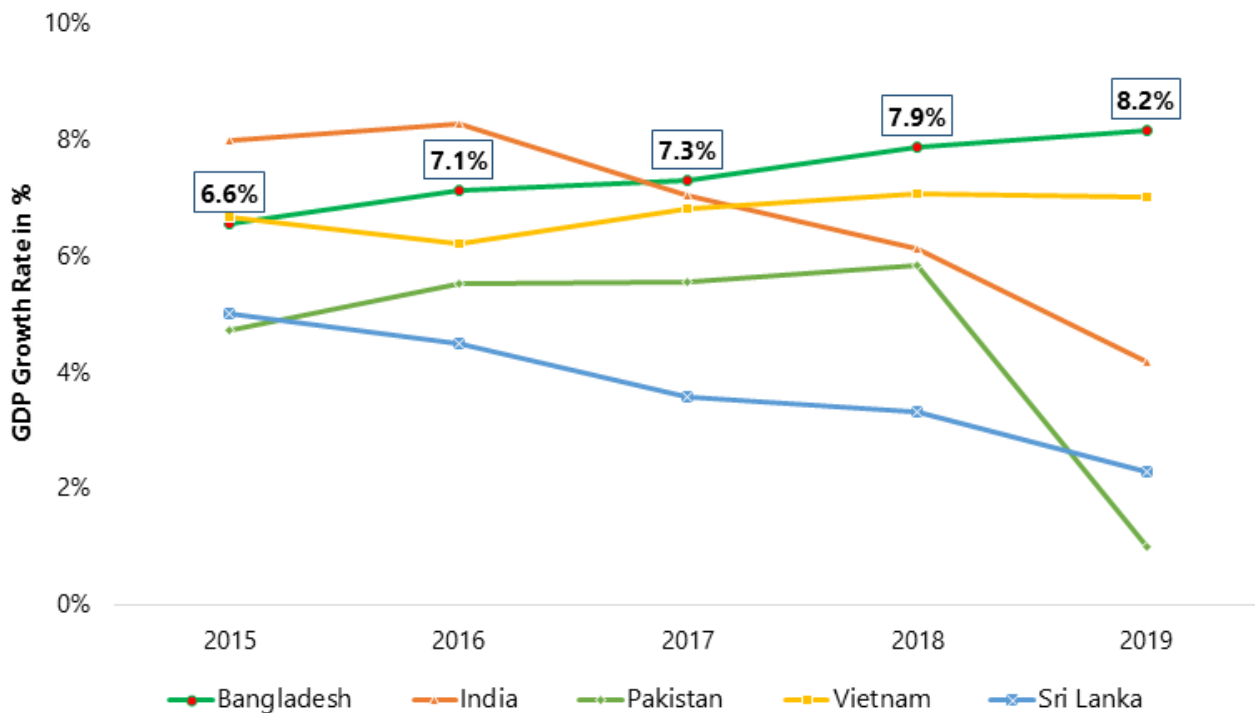


mental health and wellbeing. The COVID-19 induced realities, such as state-wide lockdowns (first-wave lockdown from March 2020 and second-wave lockdown from April 2021), had a negative impact on the livelihoods of the general public. People, especially those towards the lower side of the income spectrum, reported undergoing stressful and panic-stricken days during the lockdown phase. A segment of the population driven towards poverty because of the

pandemic has been defined as ‘new poor’ and constituted 21.2 percent of the total population in June 2020, and 14.7 percent as of April 2021.<sup>21</sup>

Concerns regarding the unequal distribution and inclusivity of Bangladesh’s growth are increasingly coming to the fore of policy considerations. The economic empowerment of young people through entrepreneurship can be a crucial contributor to inclusive, sustainable development.

**Figure 5:** Bangladesh GDP Growth Rate in Comparison to its Regional Counterparts



Source: World Bank

<sup>21</sup> BRAC Institute of Governance & Development (2021).” PPRC-BIGD Rapid Response Research Phase III: Poverty Dynamics and Household Realities Part 1”. Retrieved from: <https://bigd.bracu.ac.bd/event/pprc-bigd-rapid-re-sponse-research-phase-iii-poverty-dynamics-and-household-realities-part-1/>

# 2.2

## Contextualising Youth Entrepreneurship and Youth-Led Enterprises

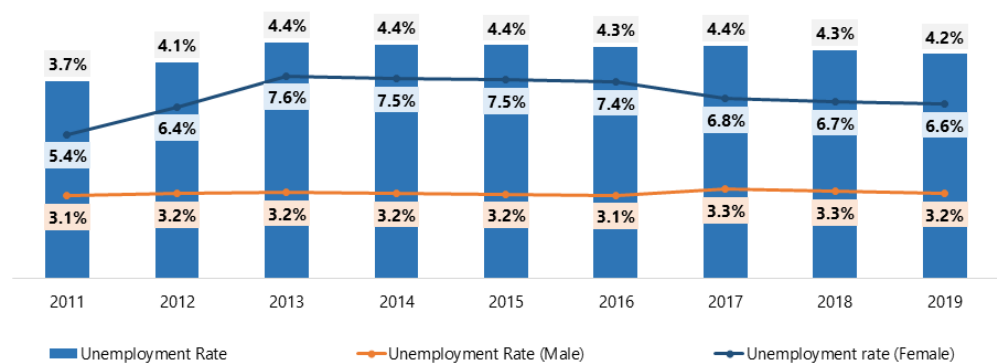
### Understanding Youth Employment and Education in Bangladesh

Unemployment is one of the major challenges facing Bangladesh’s youth population. From 2011 to 2019, overall unemployment grew from 3.7 percent to 4.2 percent. Notably, unemployment among women increased from 5.4 percent to 6.6 percent, compared to a low and stable unemployment rate among men (3.1 percent to 3.2 percent)<sup>22</sup>. As of 2019-2020, the youth unemployment rate is estimated to be 2.8 times greater than the national rate (12 percent).

While the unemployment rate raises significant concerns, it alone does not capture the entire picture of unemployment. The population who is neither employed nor in education or training (NEET) is high in Ban-

gladesh. Based on BBS Report on Quarterly Labour Force Survey (QLSF) 2015-16, about 8 million people in Bangladesh, aged 15-24, were not in employment, education and training<sup>23</sup>. Young women are disproportionately represented: According to the International Labour Organization’s (ILO) Global Employment Trends for Youth 2020 report, “47 percent of young women in Bangladesh are NEET compared to 10 percent of young men”<sup>24</sup>. Even though the number of women who are actively seeking employment or education is relatively similar to the numbers among men, the number of women who have never entered or are exiting the workforce is disproportionately high as shown in Figure 7.

**Figure 6:**  
Bangladesh  
Unemployment Rate  
(2011 to 2019)



Source: World Bank, International Labour Organization estimate

<sup>22</sup> World Bank, International Labor Organisation. Retrieved from: <https://data.worldbank.org/>

<sup>23</sup> Bangladesh Bureau of Statistics (BBS) (2017), Report on Quarterly Labour Force Survey (QLSF) 2015-16 (Dhaka: Statistics and Informatics Division, BBS, 2017, p. 212)

<sup>24</sup> Financial Express (2020).” Gender gap in NEET rate much higher in BD: ILO report “. Retrieved from: <https://thefinancialexpress.com.bd/national/gender-gap-in-neet-rate-much-higher-in-bd-ilo-report-1583901870>





Bangladesh's unemployment rate rose from 3.7 percent in 2011 to 4.2 percent in 2019. While the unemployment rate for male remained approximately same (3.2 percent), the rate among women rose from 5.4 percent in 2011 to 6.6 percent in 2019. On the other hand, the national poverty line dropped below 20.5 percent in 2020 from 24.3 percent in 2016<sup>25</sup>. However, the World Bank estimates that the poverty rate has reached 30 percent in 2020 due to the pandemic<sup>26</sup>.

While the national unemployment rate stood at 5.3 percent in 2020, the unemployment rate among educated youth was an estimated 38 percent<sup>27</sup>. More and more youth graduating from secondary and tertiary education report the lack of employment opportunities as a major challenge.

According to a World Bank study, 39 percent of university graduates, 46 percent of college graduates and 32 percent of poly-

technic institute graduates find themselves without employment two years on from graduation. This often leads graduates to pursue further studies where 15 percent of university graduates, 34 percent of college graduates and 18 percent of polytechnic graduates opt to continue pursuing education with the aim of securing employment in the long-term<sup>28</sup>. The same study by the World Bank also found that female graduates are disproportionately affected. 43 percent of female university graduates and 52 percent of female polytechnic graduates are unable to find employment within two years of graduation compared to 37 percent and 30 percent, respectively, among male graduates.

Such data indicates that education is not empowering youth with the right set of skills to be employable in the economy and is a call to action to address these challenges.

## **Challenges and Benefits of Bangladesh's High Population Concentration**

Bangladesh has the highest urban population concentration in comparison to its regional counterparts, with 39 percent of the population being situated in or nearby an urban centre. This urban concentration is

often called the density dividend due to the densely populated urban populations and is cited as a significant opportunity for entrepreneurs for various reasons<sup>29</sup>.

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<sup>25</sup> Asian Development Bank (2016)

<sup>26</sup> World Bank Estimation (2020)

<sup>27</sup> Bangladesh Institute of Development Studies (BIDS) (2020)

<sup>28</sup> World Bank (2019). "Bangladesh Development Update: Tertiary Education and Job Skills". Retrieved from: <https://openknowledge.worldbank.org/handle/10986/32533>

<sup>29</sup> Prothom Alo (2018). Khawaza Main Uddin – "Density Dividend is what Bangladesh can Capitalise on: Wendy Werner". Retrieved from: <https://en.prothomalo.com/opinion/Density-dividend-is-what-Bangladesh-can-capitalise>

With a density of just over **1,265 people per square kilometre**<sup>30</sup>(as of 2020) and an increasing number of people migrating into urban centres every day, the consumer market potential of Bangladesh is significant and a major driver of economic growth.

**Skills can be acquired much faster in denser locations.** When one person picks up a skill in a dense location, the transmission of that skill and associated knowledge can spread much faster. Skills training programmes can therefore have multiplier effects.

**A higher population density translates to higher consumer market density.** As Dhaka grows, outreach becomes easier for companies. For example, delivery companies can cater to more customers within a specific location if the population density is higher, thereby increasing their potential customer base.

In contrast, population density can bring challenges if the right measures are not taken.

**Over-crowded areas:** Most future growth will be around urban areas, creating an influx disproportionate infrastructure development, overcrowding the cities further and increasing the number of slums with deprived access of basic needs, degrading environment and atmosphere.

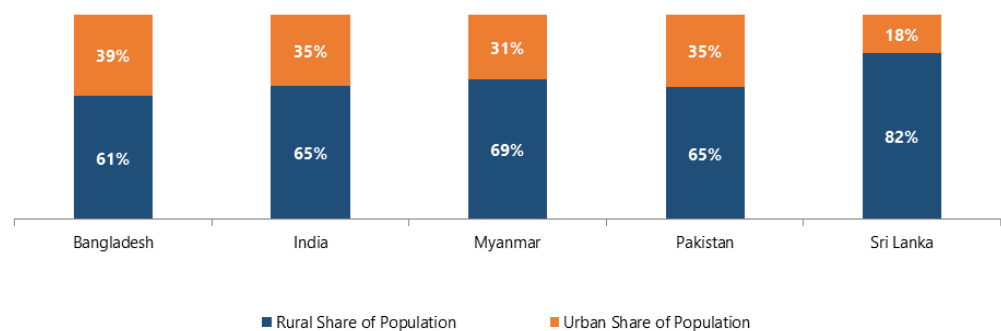
**Increasing commuting time and expenses:** The time and resources required for daily commuting may increase in densely populated areas.

**Insufficient care and service facilities for older people:** The number of older people will increase ten-fold this century, creating a large burden on the health system, especially for chronic illnesses in the future.<sup>31</sup>

**Challenges for agricultural production and irrigation:** High density of population means that agricultural land is virtually saturated, with very limited capacity to expand food production. Climate change may have dramatic impacts on agriculture, through flooding and drought resulting from weather changes and geopolitical influences.

**Figure 7:**  
Urban vs. Rural  
Population  
Concentration in  
South Asian  
Countries

Source: United Nations,  
Department of Economic and  
Social Affairs, Population Division  
- World Population Prospects:  
The 2019 Revision & World  
Urbanization Prospects



<sup>30</sup> Knoema.com (2020)

<sup>31</sup> Journal of Health, Population and Nutrition (2008). Population Challenges for Bangladesh in the Coming Decades. Retrieved from: <https://doi.org/10.3329/jhpn.v26i3.1894>

## Estimating the Population of Bangladesh's Youth Entrepreneurs

According to the Bangladesh Household Income and Expenditure Survey 2016, approximately 14.5 percent of the surveyed households reported Business & Commerce as their primary source of income (a proxy for entrepreneurial activity). Mapping the findings from the national statistics of 2016 onto the population in the workforce, **approximately 9.45 million individuals or households are estimated to be relying on entrepreneurial activity as their primary source of income**<sup>32</sup>. This data is used as a proxy for estimating entrepreneurial activity among young people in this study.

In line with the definition adopted for this study, approximately 36 percent of the population is comprised of youth (between the ages 18 and 35)<sup>33</sup>; translating to approximately 57 million individuals. Information on the share of the workforce engaged in entrepreneurial activity as their primary source of income is used to estimate the number of

young people engaged in entrepreneurial activity. Given that approximately 36 percent of the population falls into the youth category and assuming similar representation in the workforce, the number of young entrepreneurs can be estimated to be approximately 36 percent of that reporting being engaged in entrepreneurial activity. Based on this, there are an **estimated 3.8 million young entrepreneurs encompassing all types of enterprises (SMEs, startups, social enterprises, etc.) in Bangladesh**<sup>34</sup>.

It is to note that due to the limitations relating to the availability of nationally representative data, the estimates for the population of youth entrepreneurs provided have been estimated using the primary data and are not nationally representative. While this estimate provides an initial approximation for the number of young entrepreneurs in Bangladesh, it comes with several shortcomings:

**Proxy statistics may not be representative or accurate:** The number of entrepreneurs in Bangladesh was inferred from those individuals/households that reported Business & Commerce as their primary source of income. So, the data may capture those engaged in business without identifying themselves as or fitting the description of entrepreneur.

**Share of youth in entrepreneurial activity may be different from the national share:** The share of youth used to estimate the youth entrepreneur (MSMEs, Startups, Social Enterprises) population is taken from the share of youth at the national level. It is assumed that the 36 percent youth population (national statistics) is transferrable to those young people engaged in entrepreneurial activity (i.e., 36 percent of those engaged in entrepreneurial activities are young entrepreneurs). This may not necessarily be true as it does not take into consideration young people who are not in the workforce, and therefore the total number of entrepreneurs may be an underestimate.

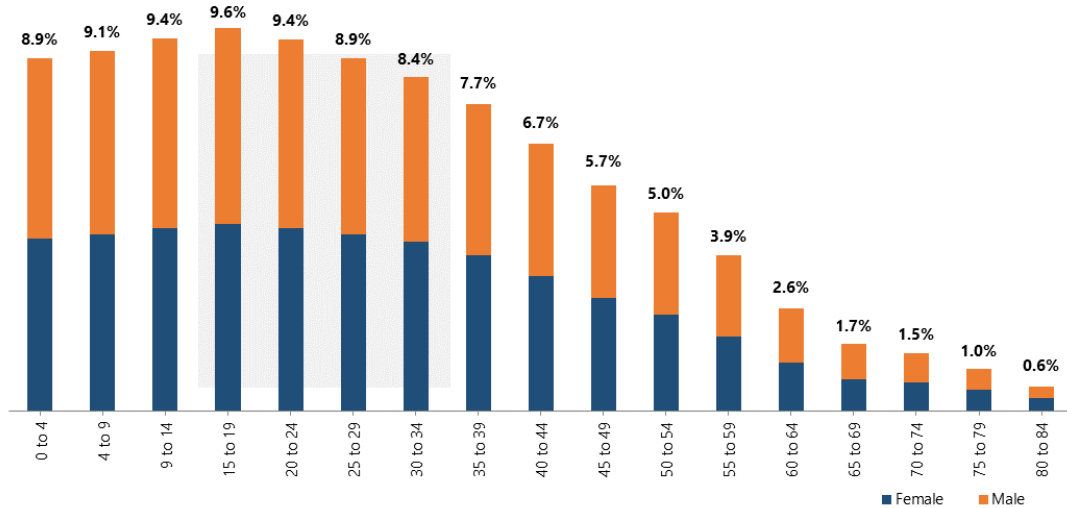
<sup>32</sup> Bangladesh Bureau of Statistics (2016). "Household Income and Expenditure Survey 2016". Retrieved from: [https://drive.google.com/file/d/1TmUmC-0M3wC5IN6\\_tUxZUvTW2rmUxMce/view](https://drive.google.com/file/d/1TmUmC-0M3wC5IN6_tUxZUvTW2rmUxMce/view)

<sup>33</sup> United Nations Department of Economic and Social Affairs. "World Population Prospects 2019". Retrieved from: <https://population.un.org/wpp/>

<sup>34</sup> Estimated from Bangladesh Bureau of Statistics (2016). "Household Income and Expenditure Survey 2016" and World Bank Population Data

**Absence of disaggregated analysis:** This estimate does not account for the differences between rural and urban shares of entrepreneurial activity or gender-based differences in entrepreneurial activity. The statistics used to develop this estimate are based on national averages on the population of youth in Bangladesh.

**Figure 8:** Bangladesh Population Pyramid 2019, Youth Population Representation



Source: United Nations, Department of Economic and Social Affairs, Population Division, World Population Prospects: The 2019 Revision

## The Gender Gap in Entrepreneurial Activity

In Bangladesh, women's participation in the workforce is disproportionately low in comparison to men's participation. Currently, Bangladesh stands at 65th out of 156 countries in the Global Gender Gap Index. When it comes to the economic participation and opportunity dimension of this Index it stands at 147. This indicates the limited participation of women in the labour force, wage inequality in the same position and limited representation in managerial positions.

Echoing the sentiments of various ecosystem stakeholders, the observed gender gap in enterprise activity (especially at the leadership level) is evident. There is a need for interventions to ensure women are equally represented in the entrepreneurship ecosystem in rural and urban areas. These interventions need to address particularly the challenges related to the following concerns:

**Cultural and social barriers:** Women face disproportionately more social and cultural barriers to pursuing employment and becoming entrepreneurs compared to their male counterparts. These barriers stem from household and familial expectations, pre-determined career paths, and social stigma against employment and entrepreneurship. These factors contribute to making entrepreneurship riskier, not only in economic or operational terms but also due to the risk of social ostracization. Women entrepreneurs in Bangladesh often report encountering gender bias and discrimination.

<sup>35</sup> World Economic Forum (2021). "The Global Gender Gap Report 2021" ([http://www3.weforum.org/docs/WEF\\_GGGR\\_2021.pdf](http://www3.weforum.org/docs/WEF_GGGR_2021.pdf))

<sup>36</sup> Key Informant Interview with Romoni, YYVentures, WEND, BetterStories, Islamic Development Bank, UNDP

**Access to finance:** Women tend to have lower demand and fewer opportunities for financing<sup>37</sup>. Women tend to be discouraged from applying for loans due to a higher rate of rejection. This is due to financiers being hesitant to fund female entrepreneurs as they find women-led enterprises riskier to invest in.

**Work-life balance:** Women are often expected to balance work and family life to a greater degree than their male counterparts<sup>38</sup>. This leads to varied outcomes among male and female-led enterprises, with male entrepreneurs being able to commit more time and effort to develop their enterprises. According to the SANEM, in 2019 women spend approximately four hours on unpaid care work every day, which is worth (\$ 119 Mn) in total and 39.52 percent of the GDP of Bangladesh.<sup>39</sup> It has been reported that in urban areas that time-related engagement of women in unpaid care work engagements had gone up to about 128 percent during the COVID-19 lockdowns, posing significant challenges for women entrepreneurs.<sup>40</sup>

Further research is needed to develop a holistic understanding of gender inequalities in entrepreneurial activity and break barriers to women's entrepreneurship. The assessment must take geographical differences and participation at varying levels of enterprises and in different enterprise and industry types into consideration.

## Geographic Segmentation of Entrepreneurs in Bangladesh

**According to the BBS Household Income and Expenditure Survey (HIES) 2016, 18.3 percent of the urban workforce reports their primary source of income as coming from Business and Commerce. This is compared to 11.9 percent who report the same in the rural context.** As such, there are reportedly fewer individuals and/

or households engaging in entrepreneurial activity in rural areas than in urban areas. As per the Economic Census – 2013 by the Bangladesh Bureau of Statistics, there has been one comprehensive geographic mapping of MSMEs. The breakdown of this mapping is presented in table 5.

<sup>37</sup> International Finance Corporation (2011). "Strengthening Access to Finance for Women-Owned SMES in Developing Countries". Retrieved from: [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_report\\_accesstofinanceforwomensmes](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_report_accesstofinanceforwomensmes)

<sup>38</sup> The Daily Star (2017). Masuda M. Rashid Chowdhury. "Challenges for women entrepreneurs". Retrieved from: <https://www.thedailystar.net/education-employment/challenges-women-entrepreneurs-1366573>

<sup>39</sup> South Asian Network of Economic Modelers, Manusher Jonno Foundation (MJF), Bangladesh (2019). "Recognition of Women's Unaccounted Work in National GDP and Inclusion in Gender Responsive Budgeting. Retrieved from: <https://sanemnet.org/completed/>

<sup>40</sup> Manusher Jonno Foundation (2021). "Rapid Analysis of Care Work during COVID Pandemic in Bangladesh". Retrieved from: <http://www.manusherjonno.org/wp-content/uploads/2021/04/Final-Care-Work-Rapid-Assessment-Pandemic-BD-SN-National-sharing-24.04.2021.pdf>

**Table 5:** Number of MSME and Cottage Establishments by Division and Urban vs. Rural Breakdown

Location	Total					
	Total	Share of Total	Urban	Urban Share of Location	Rural	Rural Share of Location
National	7,818,565	100%	2,229,546	29%	5,589,019	71%
Barisal	368,129	5%	94,172	26%	273,957	74%
Chattogram	1,327,629	17%	415,714	31%	911,915	69%
Dhaka	2,541,033	32%	925,839	36%	1,615,194	64%
Khulna	997,086	13%	232,026	23%	765,060	77%
Rajshahi	1,160,669	15%	262,853	23%	897,816	77%
Rangpur	1,022,040	13%	197,105	19%	889,786	87%
Sylhet	401,979	5%	101,837	25%	300,142	75%

Source: Economic Census – 2013, Bangladesh Bureau of Statistics & SME Foundation

According to the BBS Economic Census, there were **over 7.8 million registered enterprises in the MSME and Cottage categories with a strong concentration in rural areas in 2013**. 71 percent of the enterprises were in rural areas, accounting for nearly 5.6 million enterprises. Furthermore, **the total number of MSMEs and Cottage Enterprises is believed to have grown to 8.1 million as of 2019<sup>41</sup>**. This does not include social enterprises, startups, multinational corporations (MNC) and other enterprise types. However, due to the lack of an official status for startups and social enterprises, it is likely that many of those fall within the MSME category. In conjunction with the estimated number of individuals/households that

claim Business & Commerce as a primary source of income, this provides a reasonable estimate for the number of enterprises and entrepreneurs in Bangladesh. **By 2020, the number of enterprises in Bangladesh is estimated at 9.45 million.**

The majority, 32 percent, of MSME and Cottage enterprises are in Dhaka, with Chattogram following at 17 percent of total enterprises. This follows the trend of migration to urban and peri-urban areas in search of opportunity. Dhaka and Chattogram are hotspots of economic activity due to the continued concentration of resources, services, and consumer demand.

## Enterprise Types and Sectoral Segmentation

There are an estimated number of 1000 to 2000 startups, about 150,000 social enterprises along with 7.8 million MSMEs (including cottage enterprises) operating in Bangladesh. Table 6 provides information on different enterprise types located in urban and rural areas.

<sup>41</sup> Financial Express (2019). Md. Joynal Abdin. "MSMEs – both a choice and a reality for Bangladesh". Retrieved from: <https://www.thefinancialexpress.com.bd/views/msmes-both-a-choice-and-a-reality-for-bangladesh-1566055028>

**Table 6:** Enterprise Type Breakdown and Total Persons Engaged per Enterprise Type

Type	Establishments				Total Persons Engaged in Millions			
	Total	Percent	Urban	Rural	Total	Percent	Male	Female
Cottage	6,842,884	87.52	1,730,150	5,112,734	13,168,327	53.75	11,759,565	1,408,762
Micro	104,007	1.32	41,112	62,895	558,870	2.28	435,043	123,827
Small	859,318	10.99	450,601	408,717	6,600,685	26.94	5,844,088	756,597
Medium	7,106	0.09	4,141	2,965	706,112	2.88	528,526	167,586
Large	5,250	0.07	3,542	1,708	3,466,856	14.15	1,871,910	1,594,946
Total	7,818,565	100	2,229,546	5,589,019	24,500,850	100	20,449,132	4,051,718

Source: Economic Census – 2013, Bangladesh Bureau of Statistics & SME Foundation

According to the SME Foundation and the Economic Census – 2013 by the Bangladesh Bureau of Statistics, 88.5 percent of registered enterprises are engaged in the services sector and 11.5 percent are engaged in some form of industrial activities. These sectors are broken down as follows<sup>42</sup>:

**Services:** Wholesale and Retail Trade Repair of Motor Vehicles and Motorcycles, Transportation and Storage, Accommodation and Food Service Activities (Hotel and Restaurants), Information and Communication, Financial and Insurance Activities, Real Estate Activities, Professional Scientific and Technical Activities, Administrative and Support Service Activities, Public Administration and Defence Compulsory Social Security, Education, Human Health and Social Work Activities, Art Entertainment and Recreation, Other Service Activities

**Industry:** Manufacturing

**Other Industry:** Mining and Quarrying, Electricity Gas Steam and Air Conditioning Supply, Water Supply Sewerage Waste Management and Remediation Activities, Construction

The survey conducted for this research, is not nationally representative. However, it has specifically targeted youth-led enterprises and provides a proxy result for the rural vs. urban split and industry-wise split in youth-led entrepreneurial activity.

Elaborating on the breakdown of enterprise types, the Youth Entrepreneurship Survey conducted as part of this report yielded responses from youth entrepreneurs representing a wide variety of industries and

sectors, allowing to infer a more granular breakdown of sector-specific engagement by youth entrepreneurs.

Among the surveyed sample, the top three sectors are Trading – Wholesale and Retail (22.8 percent). Agriculture, Forestry, Poultry and Fishing (21.3 percent) and ICT and ITES-based enterprises (13.4 percent). Given the composition of the Bangladesh economy, which is largely an agrarian economy slowly shifting into manufacturing

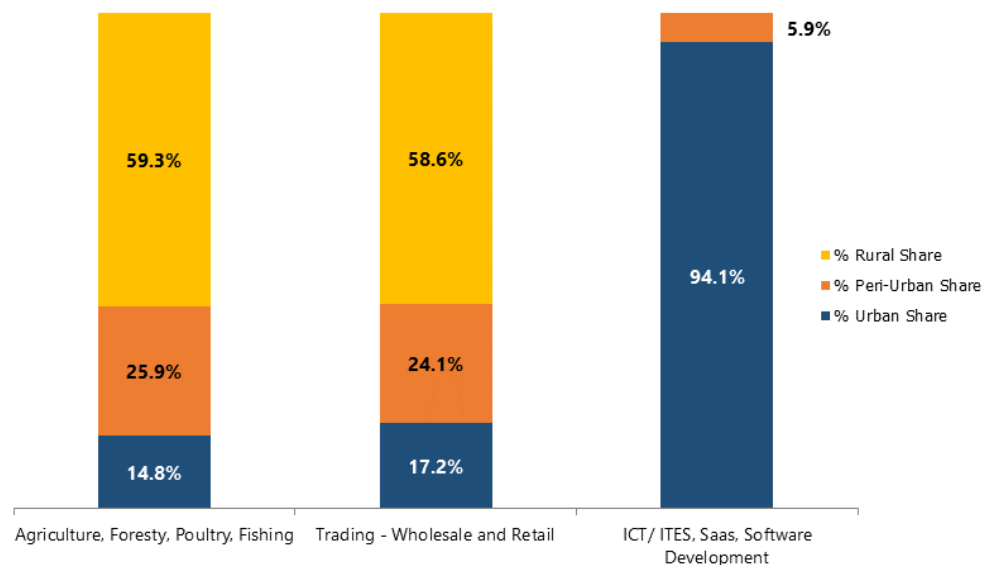


alongside a nascent software industry and growing tech adoption, this is consistent<sup>43</sup>.

The prevalence of ICT/ITES-related enterprises is also indicative of the significant number of urban-centric enterprises that responded to the survey<sup>44</sup>.

Interestingly, when breaking down the geography of the top three industries/sectors, there is a clear correlation between the industry type and their location. This is dissected further in figure 12, where the top three industries noted in the survey are broken down into rural, urban and peri-urban shares.

**Figure 9:**  
Top Three Most Common Sectors by Geographical Locations among Surveyed Entrepreneurs



Source: Primary Analytics, Entrepreneurship Survey (N=147)

Figure 12 provides a glimpse into the rural, peri-urban<sup>45</sup>, and urban shares of these different industries/sectors. Among the surveyed entrepreneurs engaged in the agriculture sector, 59.3 percent of youth entrepreneurs operated in rural Bangladesh forming most of the sector. In contrast, entrepreneurs engaged in the ICT/ITES industry are almost entirely based in urban centres across Bangladesh, including Chittogram, Sylhet, Rajshahi and Dhaka.

**urban centres as hubs of opportunity.**<sup>46</sup>

This has tended to result in a concentration of certain sectors and enterprise types in urban areas and others in rural areas, partially explaining the differences in rural and urban shares of different sectors as displayed in Figure 12. For example, youth-led MSMEs dominate as the prevalent rural enterprise type. In urban cities, we see the prominence of private limited companies and startups prevailing.

Importantly, **within rural regions, as young citizens look increasingly to expand their livelihoods and careers, they look to**

Overall, since there are currently few recent and holistic and targeted analyses providing insights into the composition and

<sup>43</sup> Key Informant Interview with TMED, WEND, YGAP, Anchorless Bangladesh, NSDA

<sup>44</sup> Key Informant Interview with Sheba, Deligram, Moar, Anchorless Bangladesh, SafeWheel, Bangladesh Angels

<sup>45</sup> Peri-urban refers to adjacent to an urban area and/or engaged in both rural and urban areas

<sup>46</sup> National Library of Medicine (2008) Islam. "Rural-urban migration and child survival in urban Bangladesh: are the urban migrants and poor disadvantaged?". Retrieved from: <https://pubmed.ncbi.nlm.nih.gov/17640395/>

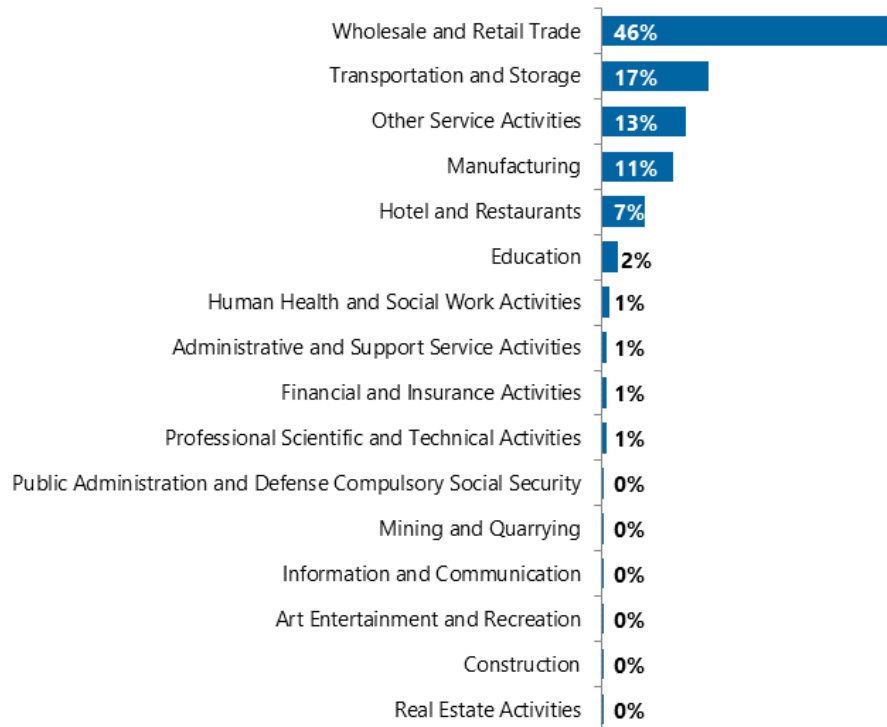
characteristics of the Bangladesh’s youth entrepreneurship ecosystem by factors such as geography, demography, and/or sector/industry, the results discussed throughout this section act as proxies and estimations for the various components of the youth entrepreneurship ecosystem.

Further research to corroborate these findings must include a wider sample of young entrepreneurs and greater representation from a variety of industries and sectors. Furthermore, an analysis of enterprise types, registration type and rate, and gender-based breakdown can help provide a holistic view of the different sectors and their compositions – to develop targeted in-

terventions within those sectors. Above all, across all relevant national, sub-national and international datasets attempting to understand the entrepreneurship ecosystem in Bangladesh, the youth lens has been missing or insufficient.

With youth being the demographic dividend, youth entrepreneurship is an essential solution to support the private and public sectors and fulfil the economic deficit caused by unemployment.<sup>47</sup> According to BBS 2013, the wholesale and retail trade industry contained 46 percent of all business establishments, indicating as a safety net sector for the youth population to venture and experiment.

**Figure 10:**  
 Breakdown of Business  
 Establishments by  
 Industries



Source: BBS,  
 SME Foundation 2013

# Key Findings

- ◆ Country has a demographic dividend of young individuals: 36 percent of the population is youth translating to 57 million individuals.
- ◆ As of 2020 the youth unemployment rate stood at 5.3 percent, while the unemployment rate among educated youth was estimated to be 38 percent.
- ◆ Bangladesh has a high-density dividend, with a population concentration of 39 percent in the urban areas. High urban migration causes a population density of 1265 people per square kilometre and results in a consumer market that largely contributes to economic growth.
- ◆ When young people in rural areas look towards expanding their livelihoods and careers, they look especially to urban centres as hubs of opportunity.
- ◆ Bangladesh HIES 2016 estimates about 14.5 percent of the surveyed households relied on Business and Commerce as their main source of income, which meant that almost 9.45 million individuals or households were estimated to be relying on entrepreneurial activity as their primary source of income
- ◆ Given approximately 36.2 percent of the population falls into the youth category and assuming similar representation in the workforce, the number of young entrepreneurs can be estimated to be approximately 36.2 percent of that reporting being engaged in entrepreneurial activity (3.8 million).
- ◆ According to the BBS Economic Census, as of 2013, there were over 7.8 million registered enterprises in the MSME and Cottage categories where 71 percent of the enterprises are in rural areas (5.6 million enterprises).
- ◆ Women's participation in youth entrepreneurship is low in comparison to their male counterparts and Bangladesh stands 65th out of the 156 countries in the Global Gender Gap Index. Female youth entrepreneurship is largely affected by cultural and social barriers, access to finance and work-life balance.



# 2.3

## Strategies, Policies, and Plans to Develop Youth Entrepreneurship

In Bangladesh, there exists a host of public policies and plans that incorporate youth in their strategies. However, not all of these policies and strategies centre on the youth entrepreneurship agenda. Largely, these policies and strategies cater to the development of youth skills, education, employment, empowerment, health and overall capacity building.

Similarly, entrepreneurship policies and strategies do not focus exclusively on youth and youth entrepreneurship, rather they tend to focus on the broader entrepreneurship ecosystem, including the various stakeholders within the ecosystem.

The most significant policies and plans of relevance to youth entrepreneurship are:

- ◆ National Education Policy, 2010
- ◆ National Youth Policy, 2017
- ◆ National Skills Development Policy, 2011
- ◆ Eighth Five Year Plan 2021-2025

The following section highlights the objectives of these policies in relation to youth entrepreneurship and provides an analysis of their strengths and weaknesses through secondary research.

### National Education Policy, 2010

The primary objective of the NEP, 2010 is to ensure skills of a high standard are acquired at every level of education to make a globally competitive ecosystem. It aims to enable students to acquire skills through vocational education to facilitate self-employment and equip them with skills needed in the job market. The policy emphasises women's

education to ensure their comprehensive empowerment and participation. Overall, it aims to create a discrimination-free education system where there are equitable opportunities for all irrespective of race, religion, creed, gender, economic, social and geographical situations.

#### Strengths:

1. Radical modifications in the policy to improve the quality of teachers and educational facilities have the possibility to change the structure of the education system of Bangladesh and make education more practical for young people.

2. Strategies such as introduction of compulsory subjects and ensuring training facilities in tertiary education can enable practical learning among the youth, which in turn can develop their capacities to lead businesses.

#### Limitations:

1. Although established in 2010, many of the action plans are yet to be implemented to enhance the education sector.
2. One of the highest priorities of the policy is to improve the quality of education at all levels and especially in higher education through the provision of high-quality teachers. Despite its pledges, teachers from all tiers of education face difficulties in reforming their salary and status.
3. One of the objectives of this policy is to reduce the ratio of teachers and students to 1:30 by 2018 for both primary and secondary education. Albeit the strategies, the most recent teacher-student ratio (TSR) is 1:37 in primary and 1:45 in secondary schools<sup>48</sup>, further creating a barrier to quality education.

### National Youth Policy, 2017

NYP, 2017 was created to empower and encourage young people with improved access to opportunities of entrepreneurship and employment through proper practical education and skill development training. It guides on establishing information portal

centres for youth for uninterrupted flow of accurate and verified information, statistics, and data for analysis and further research. Overall, it facilitates the ICT and ITES sectors' growth and engages youth on multiple platforms.

#### Strengths:

1. The policy emphasises youth participation by establishing youth programmes throughout the country by following a participatory work plan at the grassroots level.
2. The policy aims to equip young people with skills in technical, vocational and professional fields, and integrate youth in the national development programmes.
3. Through the provision of training and microcredit facilities, the policy aims to encourage self-employment among the youth.

#### Limitations:

1. The policy does not adequately reflect changes/developments that have occurred in recent years, such as the introduction of online education and Edutech. Information related to the youth policy is not effectively disseminated among youth, which hinders the achievement of the policy's objectives.

2. There were no guidelines for implementing the policy. The policy did not mention a proper timeline to develop the national action plan that would realize the vision of the policy. Thus, the action plan was prepared after about four years of the policy formulation.

## National Skills Development Policy, 2011

Through the institution of NSDP, 2011 the government is promoting training and learning of youth, women, low-skilled people, and people with disabilities, migrants and internally displaced people, ethnic mi-

nority groups, those who are socially excluded, workers in small and medium-sized enterprises, the one in the rural sector and the self-employed people.

### Strengths:

1. Public, private and non-government training institutions offer a wide variety of formal, informal and non-formal training to different target groups using different approaches and modes of delivery, assessment processes, and certification.
2. The Government worked on strategies for policy implementation, including a plan of action, evaluation of the KPI for Skill Training Providers, developed uniform training curriculum, and in the future, plans to publish skills demand forecast and establish sector-wise skills data system.

### Limitations:

1. Despite the policy, most of the young people in the labour force are unskilled and uneducated (forty percent). Only 22.8 percent of young workers have completed primary education school, and only four percent have vocational education.<sup>49</sup>
2. Funding gaps remain a major challenge for implementing the action plans of the policy. Inadequacies exist in the quality of the training facilities due to a lack of trained teachers and in-service training opportunities, which causes the teachers to overemphasise on theoretical education rather than practical training. Moreover, inadequate funding to maintain the facilities, equipment, and training materials affects the quality of training. The gaps in funding results in fifty percent of vacancy in teaching positions for the public training institutions.<sup>50</sup>
3. Capacity constraints of the training providers remains a major challenge and qualified and efficient training providers is prerequisite to the expansion of the demand-driven and market-responsive skills training system.

<sup>49</sup> Asian Development Bank (2014). Skills for Employment Investment Program". Retrieved from: <https://www.adb.org/projects/documents/skills-employment-investment-program-rrp>

<sup>50</sup> Asian Development Bank (2014). Skills for Employment Investment Program". Retrieved from: <https://www.adb.org/projects/documents/skills-employment-investment-program-rrp>



## Eighth Five Year Plan 2021-2025

Although the Eighth Five Year Plan considers data from 2016-2017 as the benchmark, the very first clause of EFYP is creating jobs for youth. The goal is to reduce youth unemployment from 10.6 per cent to five per cent

and the NEET population from 29 per cent to 15 per cent by 2025. It also promises to increase the population in secondary schools from 75 per cent to 85 per cent. Some of the relevant strategies within the policy are:

### Relevant Strategies Within the Policy:

1. Considerations to redesign jobs and employment, ensuring inclusion and diversity in the workforce, and government support in matching education with employment policies
2. Adopt a wider lens for entrepreneurship and employment development, including aiding the most marginalised and vulnerable. Ensure a sustainable and evidence-driven approach to transforming employment and self-employment
3. Promote and aid in the adoption of new technologies, business methods/models, and skills involving key industry bodies and combining with government support
4. Create and maintain a pool of different sources of knowledge (knowledge portals/hubs) to help Bangladesh build labour market resilience
5. Help to effectively engage the private sector, achieving greater clarity in terms of its role in terms of access to finance, business incubation and acceleration services as well as a shared responsibility and accountability towards building a resilient and sustainable future of work in Bangladesh.





**03**

**Deep Dive into the  
Youth Entrepreneurship  
Ecosystem**

**3.1**

Policy and Regulatory Framework

**3.2**

Human Capital and Entrepreneurship Culture

**3.3**

Access to Finance and Incentives

**3.4**

Business Development Support and Infrastructure

**3.5**

Access to Market

**3.6**

Innovation and Technology



## Deep Dive into the Youth Entrepreneurship Ecosystem

To acquire a comprehensive understanding of the state of the ecosystem for youth entrepreneurship, the study assessed the six domains of Youth Co:Lab's ecosystem diagnostic framework. The six domains identified by the Youth Co:Lab Ecosystem Diagnostic Framework were analysed to formulate the Hex-Key Ecosystem Confidence Index.

The table below shows the confidence index scale used in the analysis. The scores assigned to the components were averaged to generate individual scores for the key domains, resulting in their confidence scores. The confidence scores are stakeholders' synthesised measure of the degree of optimism and/or pessimism in each of the key domains.

**Table 7:** Confidence Index Score Scale

Score	1	2	3	4	5
Level of Confidence	Highly Disagree	Disagree	Neutral	Agree	Highly Agree

## Snapshot of the Confidence Index Results

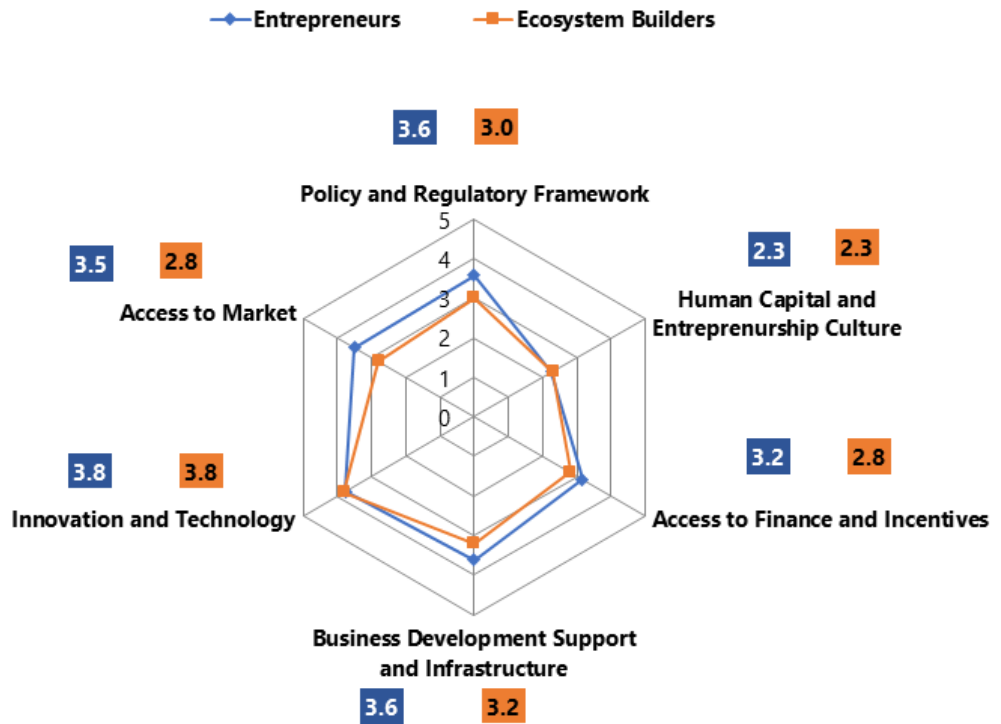
The overall confidence of the entrepreneurship ecosystem of Bangladesh through the Hex-Key Ecosystem Confidence Index had an average score of 3.1.

**Table 8:** Snapshot of the Assessment of the Stakeholders on their Confidence Index Scale

#	Hex Key Domains	Entrepreneurs	Ecosystem Builders	Total Score
1	Policy and Regulatory Framework	3.6	3.0	3.3
2	Human Capital and Entrepreneurship Culture	2.3	2.3	2.3
3	Access to Finance and Incentives	3.2	2.8	3.0
4	Business Development Support and Infrastructure	3.6	3.2	3.4
5	Innovation and Technology	3.8	3.8	3.8
6	Access to Market	3.5	2.8	3.2
	Total	3.3	3.0	3.2



**Figure 11:**  
Ecosystem Hex-Key  
Confidence Index Score



Source: Hex-Key  
Entrepreneurship Confidence  
Index (n=173)

Among the entrepreneurs in Bangladesh, the **'Policy and Regulatory Framework'** domain has shown a moderately high confidence score [3.6]. **'Human Capital and Entrepreneurship Culture'** has a score of [2.3], resonating a below average confidence among entrepreneurs regarding this domain. **'Access to Finance and Incentives'** [3.2] show a neutral confidence level. **'Access to Market'** [3.5], **'Business Development Support and Infrastructure'** [3.6], and **'Innovation and Technology'** [3.8], are inclined towards a higher level of confidence among entrepreneurs.

Ecosystem Builders in Bangladesh displayed a moderate confidence level for **'Policy and Regulatory Framework'** [3.0]. For **'Human Capital and Entrepreneurship Culture'** [2.3], **'Access to Finance and**

**Incentives'** [2.8], and **'Access to Market'** [2.8]. However, in terms of **'Innovation and Technology'**, Ecosystem Builders have displayed a high level of confidence [3.8] and for **'Business development Support and Infrastructure'** the score has been moderate [3.2]. Most of these scores are comparatively lower than the average scores among entrepreneurs.

The confidence index provided in this chapter has been derived from the survey of 147 of entrepreneurs and the interview of 26 ecosystem stakeholders to generate in-depth insights on the state of the six key domains. Data provides an overview of the domains, but it is not nationally representative due to limitations on the survey sample. The domain specific analysis has been complemented by using secondary data sourc-

# 3.1

## Policy and Regulatory Framework

The government and regulatory bodies play a significant role in enabling and strengthening the youth entrepreneurship ecosystem and its infrastructure. The policy and regulatory framework domain encompass the foundation for building entrepreneurship ecosystems for youth, the key enablers

and disablers, and the opportunities that can be derived from the implementation of policies. The Hex-Key Domain tests the following key hypothesis of the Policy and Regulatory Framework domain on entrepreneurs and ecosystem builders.

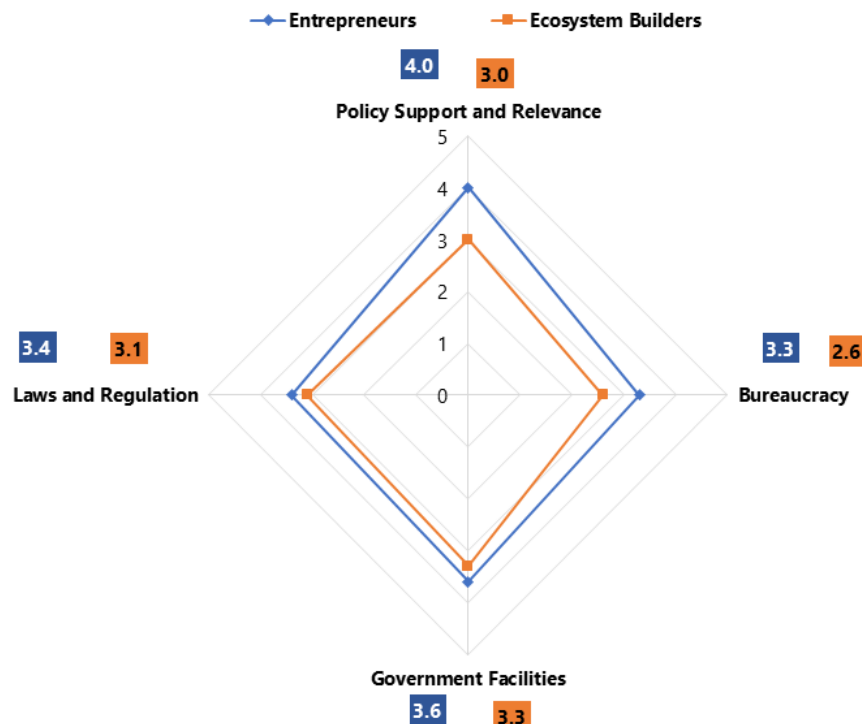
**Policy Support and Relevance:** The policy and regulatory framework is supportive and relevant to youth entrepreneurship

**Bureaucracy:** The existing bureaucratic system is efficient and supportive of youth entrepreneurship

**Government Facilities:** Government institutional facilities provide relevant support to youth entrepreneurship

**Laws and Regulation:** The existing legal and judicial system is relevant and supportive of youth entrepreneurship

**Figure 12:**  
Policy and Regulatory  
Framework Domain  
Confidence Index Score



Source: Hex-Key  
Entrepreneurship Confidence  
Index (n=173)



As a part of the study, the entrepreneurs provided a score of 4, indicating that the policy and regulatory framework is supportive of the youth entrepreneurship ecosystem. The entrepreneurs further gave scores of 3.3, 3.4 and 3.6, suggesting that the existing bureaucratic system, the existing legal and regulatory facilities and the government institutions need improvements on being supportive and relevant towards youth entrepreneurship. The ratings on these four characteristics generate an average score of 3.6 by the entrepreneurs on the policy and regulatory framework.

Among the ecosystem builders, the average score was 3 on policy support and relevance indicating the need of improvement on to the relevancy and support provided by the policy and regulatory framework on youth entrepreneurship. Within this do-

main, the existing bureaucratic system received the lowest score (2.6). The ecosystem builders moderately agree that the government institutional facilities and the existing legal and regulatory bodies are relevant and supportive to the youth entrepreneurs by assigning scores of 3.3 and 3.1 respectively. The four characteristics derive an average total score of 3 from the ecosystem builders.

Overall, the total score for this domain is 3.3, indicating that further support and relevance are expected for youth entrepreneurship from the Policy and Regulatory Framework of Bangladesh. The score is suggestive of creating a robust system for the government institutions and a bureaucratic and legal framework which enable a better ecosystem for the youth to develop their entrepreneurial ventures.

## Enablers

**Policy framework supports availability of government-led facilities in equity investments, funding and grants, accelerator/incubator programmes, innovation labs and information technology support.**

The iDEA project, a2i project, Startup Bangladesh Limited, StartUp Incubator, and Connecting StartUp have been introduced under the ICT Division to provide supporting services, such as accelerator and incubator programmes, Research and Development (R&D) support, venture capital funds and business competitions to facilitate the economic empowerment of youth-led startups through innovation and business development.<sup>51</sup> Moreover, the continuous efforts of

the ICT Division provide youth entrepreneurs with opportunities to access consultations with business experts and encourage youth to participate in IT-backed startup ventures.<sup>52</sup>

The Bangladesh Hi-Tech Park Authority is in progress to set up 28 Hi-Tech Parks (HTP), Software Technology Parks (STP) such as the Janata Tower STP and IT Training and Incubation centres across the country to sup-

<sup>51</sup> ICT Division

<sup>52</sup> The Daily Star (2019).Khan Muhammad Saqiful Alam. "Youth entrepreneurship and start-ups". Retrieved from: <https://www.thedailystar.net/supplements/28th-anniversary-supplements/news/youth-entrepreneurship-and-start-ups-1702933>



port the development of technology-enabled enterprises.<sup>53</sup> These government-led facilities have been established through the action plans set by ICT policy framework.<sup>54</sup> Aligning with the Vision 2021 of building a Digital Bangladesh, the National ICT

Policy involves programmes and activities which aim to contribute to socio-economic development through the capacity building on information technology in youth-led small, medium, and large businesses.<sup>55</sup>

**The public sector shows strong commitment to develop the policies for youth and entrepreneurship.**

The government facilities and policy and regulatory frameworks are increasingly becoming supportive of youth entrepreneurship, opening more opportunities for the youth entrepreneurs. In line with the National Youth Policy, GoB has launched initiatives such as the Skills and Training Enhancement Project (or STEP) providing stipends and grants for market-oriented vocational training among the undereducated youth in the poor communities and accelerating their economic empowerment through entrepreneurial ventures and skilled jobs.<sup>56</sup>

Many policies have been established to cater the needs of the female entrepreneurs<sup>57</sup>. Action plans, such as Gender Action Plan/2018-2021<sup>58</sup> and SME policy/2019 have improved access to finance, business development support, capacity building and participation in entrepreneurship among the young female entrepreneurs<sup>59</sup>.

The primary analysis of the study through the confidence index of the entrepreneurs and ecosystem builders revealed a score of 4.0 for entrepreneurs and 3.0 for Ecosystem Builders in the context of adequacy of the support for the youth entrepreneurs from the government facilities, policies, and regulatory framework (policy support and relevance). This indicates that the stakeholders agree to the statement and believe that the public authorities are working towards the development of youth entrepreneurship.<sup>60</sup>

Upon asking what government policy areas are enabling the growth of entrepreneurship, an analysis of the survey responses revealed that 63.7 percent of the entrepreneurs believe that the existing policies are aiding in youth-oriented development and a further 46.6 percent mentioned that the government is facilitating youth-led businesses to expand in the diverse channels, thus enabling growth<sup>61</sup>.

<sup>53</sup> Bangladesh Hi-Tech Park Authority. "Annual Report 2019-2020". Retrieved from: <http://www.bhtpa.gov.bd/site/page/06f35b40-ee16-44b5-b641-45e632775561/BHTPA-Annual-Report-2017-18>

<sup>54</sup> BHTPA- IT-ITES/ Hi-Tech Policy- 2016

<sup>55</sup> National ICT Policy 2018

<sup>56</sup> The World Bank (2016). "Helping Youth in Bangladesh STEP up to Better Jobs". Retrieved from: <https://www.worldbank.org/en/news/feature/2016/05/08/helping-youth-bangladesh-step-up-better-jobs>

<sup>57</sup> Ministry of Women and Children Affairs (2011). "National Women Development Policy 2011". Retrieved from: [https://mowca.portal.gov.bd/sites/default/files/files/mowca.portal.gov.bd/policies/64238d39\\_0ecd\\_4a56\\_b00c\\_b834cc54f88d/National-Women-Policy-2011English.pdf](https://mowca.portal.gov.bd/sites/default/files/files/mowca.portal.gov.bd/policies/64238d39_0ecd_4a56_b00c_b834cc54f88d/National-Women-Policy-2011English.pdf)

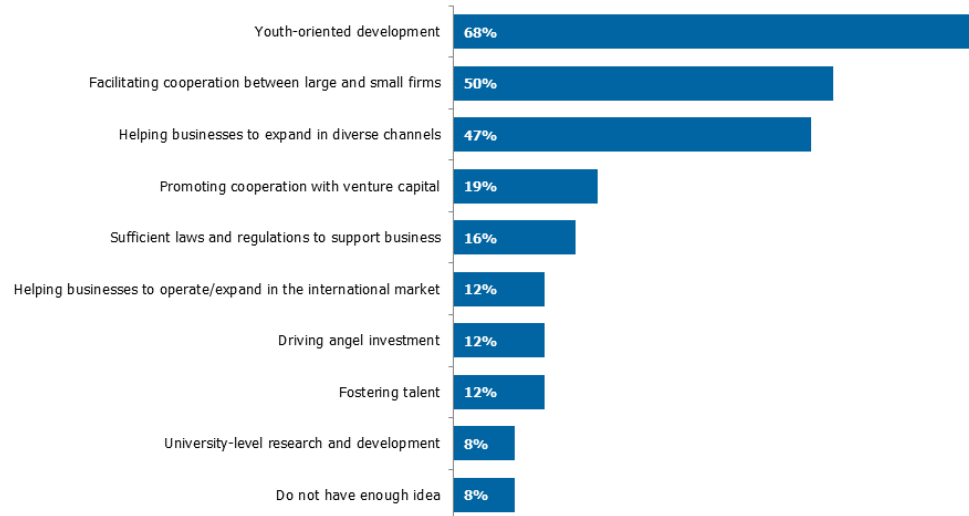
<sup>58</sup> United Nations International Children's Emergency Fund (2018). "Gender Action Plan 2018-2021". Retrieved from: <https://www.unicef.org/gender-equality/gender-action-plan-2018-2021>

<sup>59</sup> Brac (2018). "Government Policies and Practices on YOUTH". Retrieved from: <http://www.brac.net/program/wp-content/uploads/reports/Working-paper-Government-Policies-and-Practices-on-YOUTH-Brac.pdf> - 2018

<sup>60</sup> LightCastle Primary Analytics (2021). Youth Entrepreneurship Survey, (N=147) & Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>61</sup> LightCastle Primary Analytics (2021). Youth Entrepreneurship Survey, (N=147)

**Figure 13:**  
Policy Areas Enabling  
Growth Among Surveyed  
Youth Entrepreneurs



Source: Primary Analytics,  
Entrepreneurship Survey (N=147)

## Disablers

**Youth entrepreneurs with unconventional or small business models face difficulties in establishing and developing their businesses and fulfilling formalities due to unsupportive bureaucratic processes.**

During the focus group discussions, young entrepreneurs reported that the regulatory framework poses certain challenges for young entrepreneurs to establish and develop businesses in Bangladesh.

There are no national definitions for relatively new concepts, business models and sectors such as startups and social enterprises. This means that the policy framework for these new types of businesses is undefined. The unavailability of policies for these newer concepts is hindering the formal processes such as tax brackets, access to finance, online trading and VAT policies.

The current bureaucratic system is not supportive of setting up new businesses as the decentralised bureaucratic system slows down the registration processes. With no formal procedures existing for the businesses with unique and innovative business

models, the registration processes are difficult to execute and implement. As an example, young entrepreneurs participating in the focus group discussion mentioned the difficulties faced while trying to acquire business registration licenses. The officers did not understand their business models and categorised them under wrong business sectors.

The youth entrepreneurs have reported facing difficulties in trying to complete any business-related formal procedures such as registering for licences and certificates without getting any special references from higher-ranked officers. The entrepreneurs seek such special references for completing the formalities on time as inconsistencies present in the transparency, access to information and automation of the bureaucratic processes hinder these types of procedures.

**Figure 14:**  
Policy Areas Requiring  
Improvement for the  
Growth of  
Entrepreneurship



Source: Primary Analytics, Entrepreneurship Survey (N=147)

According to the survey, when asked which policy areas require improvement for the youth entrepreneurship development, 64 percent of the youth entrepreneurs have mentioned that there is a lack of establishing policies that improve the business environment and institutional framework, and this reflective of the national data as Bangladesh has ranked 168 among the 190 coun-

tries in the World Bank Ease of Doing Business Index (Table 9).

Despite the country being one of the pioneers in developing Micro Financing, 75 percent of the entrepreneurs suggest the policy framework to put the highest focus on improving the institutional funding facilities to increase youth entrepreneurs' ability to access and receive funds.<sup>62</sup>

### Fragmented strategies within ministries cause inconsistency within the policy and regulatory framework.

Although there are many policies for tax systems, VAT changes, youth programmes, education, and skills development strategies, it is unclear if the youth entrepreneurs can successfully benefit from the implementation of the policy strategies due to the absence of a youth entrepreneur specific lens within some of these policies. The focus group insights from the study and deeper research of the policy documents

found these existing strategies to be fragmented: there are policy frameworks relevant to youth and entrepreneurship, such as the National Youth Policy 2017 and ICT Policy, but there are no specific policies or strategies on youth entrepreneurship. There are also challenges related to the adoption of an inclusion lens within the policies and strategies.

**Lengthy bureaucratic processes hinder the ease of doing business for young entrepreneurs in Bangladesh.**

According to Global Entrepreneurship and Development Index 2020, Bangladesh ranks 132nd out of the 137 member countries. Bureaucratic red tape for business registration and operation has been a major barrier in developing the entrepreneurial activities in Bangladesh as per the global index.<sup>63</sup> The World Bank Ease of Doing Business Index 2020 ranked Bangladesh on the 168th position, which was 119th back in 2010.

Some of the core indexes where the scores have dropped significantly are starting a business, getting credit, paying taxes, and enforcing contracts. Red tape present in the country's bureaucratic system has slowed down the ease of doing business which is negatively impacting the development of the youth entrepreneurship ecosystem in the country<sup>64</sup>.

**Table 9:** Ease of Doing Business Rank

Ease of Doing Business Rank	2010	2020	Rank Change (From 2010 to 2020)
Rank of Bangladesh	119	168	49↓
Starting a Business	98	131	33↓
Dealing with Construction Permits	118	135	17↓
Registering Property	176	184	8↓
Getting Credit	71	119	48↓
Minority Investors	20	72	52↓
Paying Taxes	89	151	62↓
Trading across borders	107	176	69↓
Enforcing Contracts	180	189	9↓

Source: World Bank Ease of Doing Business Index

The government of Bangladesh carried out reforms throughout the years to address the lowering ranks in the index which included lowering the costs of registration and clearance for new businesses, abating deposit fees for electric bills while broad-

ening the Credit Bureau Information coverage. Albeit the reformations, the issue of bureaucratic red tape was not addressed as it remained as one of the top hurdles of conducting business in the country as of 2019.<sup>65</sup>

<sup>63</sup> Global Entrepreneurship and Development Institute (2020). "Global Entrepreneurship Index". Retrieved from: <https://thegedi.org/global-entrepreneurship-and-development-index/>

<sup>64</sup> The Business Standard (2019). Shakhawat Liton. "From 2006 to 2019: A story of how rising red tape made business difficult". Retrieved from: <https://www.tbsnews.net/analysis/2006-2019-story-how-rising-red-tape-made-business-difficult>

<sup>65</sup> The Business Standard (2019). Shakhawat Liton. "From 2006 to 2019: A story of how rising red tape made business difficult". Retrieved from: <https://www.tbsnews.net/analysis/2006-2019-story-how-rising-red-tape-made-business-difficult>

Such complex bureaucratic structures create barriers to the implementation of the established policies, which eventually affects the development of the youth-entrepreneurship specific outcomes. For example, the established technical schools are not operational due to issues concerning inefficient operational processes and lack of human resources and facilities<sup>66</sup>. Although policies exist to provide loan benefits to SME entrepreneurs with fifteen percent of the quota dedicated for female entrepreneurs, banks refuse to provide loans due to long documentation procedures which these inexperienced entrepreneurs fail to fulfil<sup>67</sup>. Furthermore, bureaucratic processes hinder prospective investors to start their operations as investors require more than a year and half to get approval from 42 desks of different government offices, barring businesses from receiving the much needed domestic and foreign direct investments.<sup>68</sup>

The bureaucratic structure relies on multiple layers of hierarchical procedures that delay the execution, development and completion of policies, reforms and managerial decision making. The decision-making procedure related to the administrative actions and assessments lacks transparency, which makes it challenging to complete the formalities.<sup>69</sup>

The stakeholders interviewed for the study have mentioned that the top officials of the different ministries and boards get their positions changed in less than a year, which slows down the progress of the poli-

cies and programmes in the pipeline to improve the red tape situation. According to interviews, public agencies, such as the Ministry of Education, responsible developing youth and youth entrepreneurship, need to provide more hands-on actions to support the ecosystem.<sup>70</sup>

Figure 15 shows that only 18 percent of the youth entrepreneurs surveyed in the study are not aware of any policies relating to the development of youth and entrepreneurship. Despite the high percentage of entrepreneurs being aware of such policies, inconsistencies present in the ease of conducting business, as mentioned above, create barriers to the development of youth-led businesses.



<sup>66</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>67</sup> The Daily Star (2021). "Women entrepreneurs need special financial support: experts". Retrieved from: <https://www.thedailystar.net/business/news/women-entrepreneurs-need-special-financial-support-experts-2046865>

<sup>68</sup> The Daily Star (2018). Syed Mansur Hashim. "One-stop service caught in red tape". Retrieved from: <https://www.thedailystar.net/opinion/no-frills/one-stop-service-caught-red-tape-1586305>

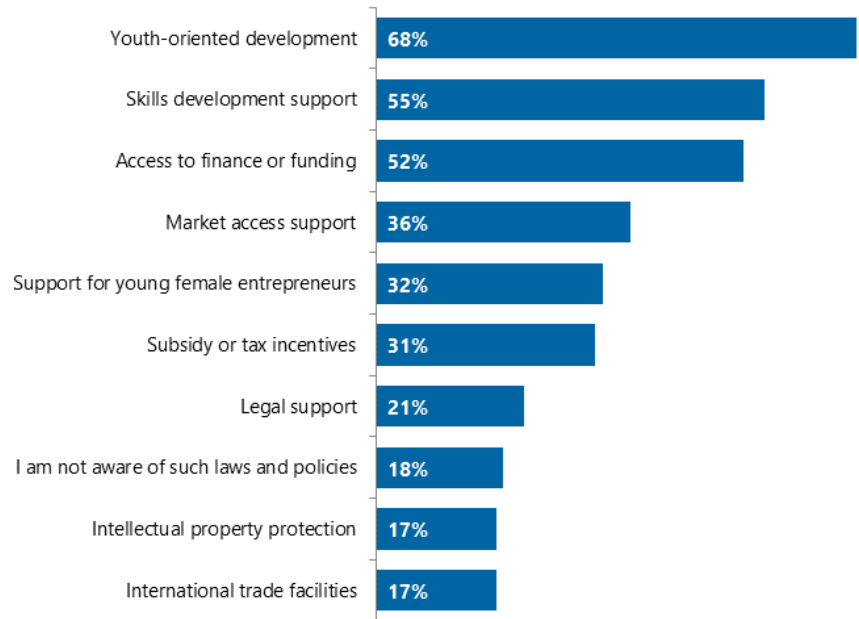
<sup>69</sup> International Journal of Research (2014). "Administrative Reform in Bangladesh- Trend of Failure". Retrieved from: <https://www.semanticscholar.org/paper/Administrative-Reform-in-Bangladesh-Trend-of-Ferdous/db71c-1c6684f09f0e52e3bf553fccd3934c2837a>

<sup>70</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)





**Figure 15:**  
Breakdown of Youth  
Entrepreneurs'  
Awareness About  
Relevant Government  
Policies and Support



Source: Primary Analytics,  
Entrepreneurship Survey (N=147)





# 3.2

## Human Capital and Entrepreneurship Culture

This domain encompasses the support and infrastructure available to strengthen the human capital, and the analysis of the socio-cultural norms and economic conditions that enable and create barriers in the youth

entrepreneurship ecosystem. The Hex-Key Domain tests the following key hypothesis of the Human Capital and Entrepreneurship Culture domain on entrepreneurs and ecosystem builders.

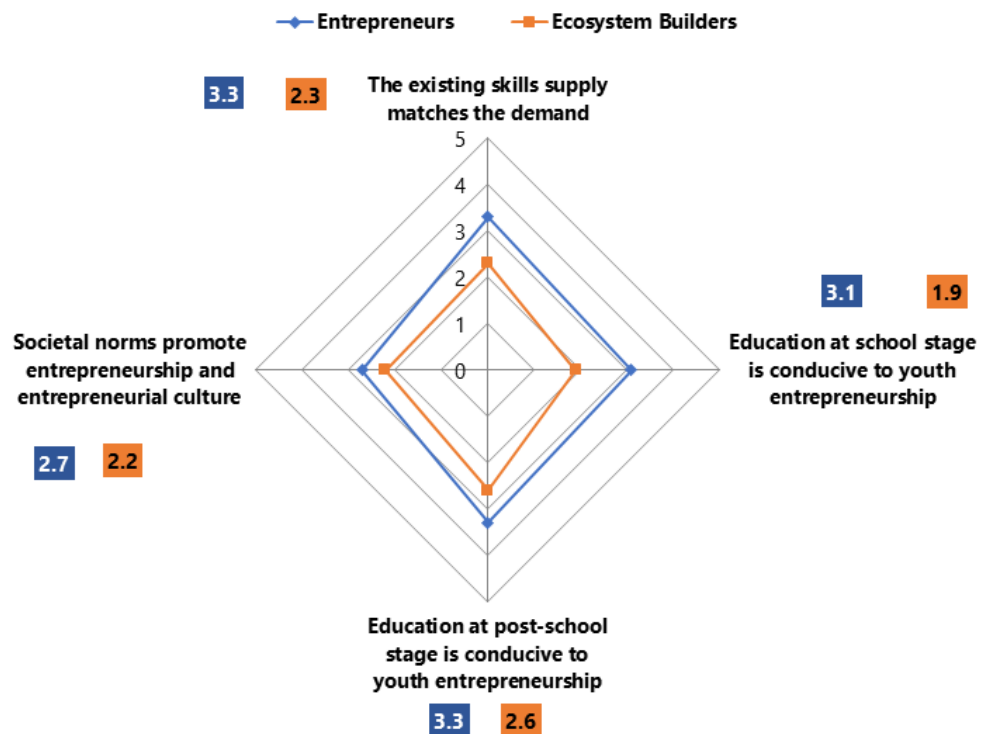
**Skill Supply & Demand:** The existing skills supply matches the demand for human capital

**Entrepreneurship Education at School Stage:** Education at school stage is conducive to youth entrepreneurship

**Entrepreneurship Education at Post School Stage:** Education at post-school stage is contributing for the development of youth entrepreneurship

**Societal Norms Promoting Entrepreneurship Culture:** Societal norms promote entrepreneurship and entrepreneurial culture in comparison to finding job employment

**Figure 16:**  
Human Capital and Entrepreneurship Culture Framework Domain Confidence Index Score



Source: Hex-Key Entrepreneurship Confidence Index (n=173)



Based on primary data, the confidence level is at 3.3. among entrepreneurs in the skill supply and demand category, indicating that the existing human capital supply needs a further boost to match the current demand. Furthermore, scores of 3.1 and 3.2 have been given to the conduciveness of the education system towards entrepreneurship at the school stage and post-school stage, respectively. These scores suggest that the education system is not sufficiently supportive of the youth entrepreneurship in Bangladesh. Lastly, the entrepreneurs rated 2.7 on the level of support of the society for youth entrepreneurship in the country, disagreeing that the society promotes entrepreneurship among young people.

The ecosystem builders have assigned a score of 2.3 in the supply and demand cat-

egory, disagreeing with the statement that the existing supply of human capital matches the demand. Scores of 1.9 and 2.6 have been given for the conduciveness of youth entrepreneurship at the school stage and post-school stage education, respectively, displaying disagreement and the need for more support by the education system.

The ecosystem builders have disagreed that the societal norms are promoting youth entrepreneurship in the country by assigning a score of 2.2.

The ecosystem builders and entrepreneurs unanimously assigned a score of 2.3 for the Human Capital and Entrepreneurship Culture domain, indicating expectations of considerable improvements.

## Enablers

**There are signs that attitudes and culture are changing positively towards entrepreneurship.**

According to the ecosystem builders interviewed in the study, the labour force consisting of young people is slowly changing its attitudes positively towards entrepreneurship and is acquiring relevant skills. In comparison to the adults, the youth are more resilient towards failures, less risk-averse and adaptive - all of which are entrepreneurial characteristics.<sup>71</sup> Youth entrepreneurs have access to a lot of self-taught skills, which enables them to innovate and introduce new ideas, especially in technology relevant areas.

There are several inspiring success stories among youth-led enterprises in Bangladesh such as iFarmer, Safewheel and 10 Minute

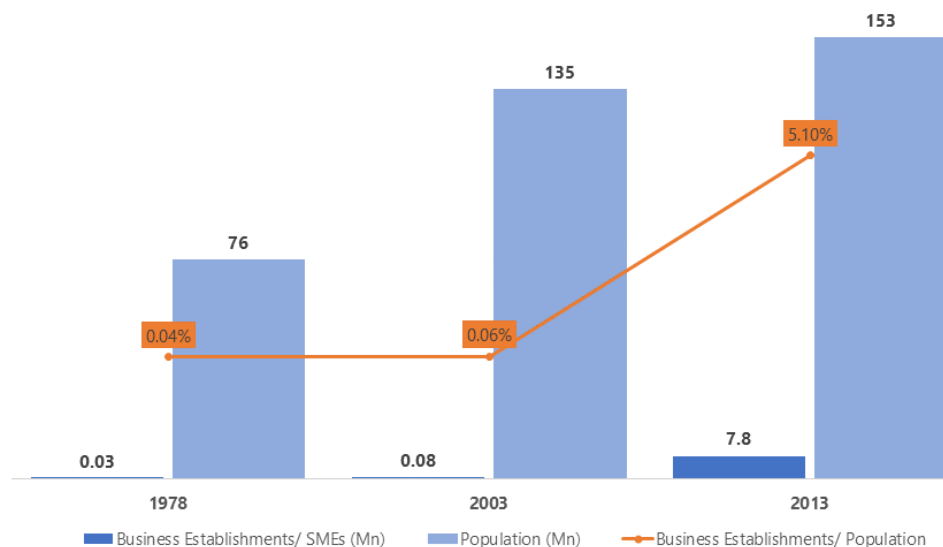
School (case studies in section 4). These youth-led enterprises have the potential to encourage and inspire other young people to develop business ideas and get involved in entrepreneurial activities.

The rise in the total number of business establishments in Bangladesh may also reflect the cultural changes, although the increase in the number of enterprises may also be caused by necessity-driven factors. In 2003, there were approximately 80,000 SME business establishments and the number rose to a mere 7.8 million by 2013. which is almost 5.1 percent of the entire population involved with entrepreneurship.<sup>72</sup>

<sup>71</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>72</sup> Bangladesh Bureau of Statistics (BBS) (2015). "Report on Economic Census 2013". Retrieved from: <http://www.bbs.gov.bd/site/page/d13ee628-7458-4650-a824-6423d35d3620/>

**Figure 17:**  
Growth of  
Number of Business  
Establishments in  
Comparison to  
Population in  
Bangladesh



Source: World Bank, BBS

**Integration of the entrepreneurial skills development agenda into education curricula encourages and helps youth to become entrepreneurs and address the challenges related to growing unemployment among young graduates**

The inclusion of entrepreneurship education agenda and business development support in the education system through practical education and accelerator/incubator programmes can ensure the development of business knowledge among youth entrepreneurs and foster entrepreneurial mindsets. Programmes such as Dhaka University Innovation and Incubation Lab, Daffodil Business Incubation, NSU Startup Next, Business Incubation Centre by Brac University, centre for Enterprise, and Society (CES) at the University of Liberal Arts Bangladesh (ULAB) provide incubation platforms and contribute to entrepreneurial spirit among students.

Two million youths are graduating each year, but there are not enough jobs<sup>73</sup>. A 2019

study by the General Economics Division (GED) of the Planning Commission reported the unemployment rate in Bangladesh to be 4.37 percent out of which 37 percent are graduates and 34 percent are post-graduates. The study also found the country had 13.8 million underemployed people and 27.1 percent of youth are not in education, employment, or training - with the rate rising to 35.2 percent for youth aged 25 to 29 years<sup>74</sup>.

With less employment opportunities at hand, entrepreneurship is a vital opportunity for the youth to gain economic independence and contribute to the economy and sustainable development. Youth entrepreneurship is an essential solution to support the private and public sectors and fulfil the economic deficit caused by unemployment<sup>75</sup>.

<sup>73</sup> Dhaka Tribune (2019). Sheikh Nahid Neazy. "Rise of the educated unemployed". Retrieved from: <https://www.dhakatribune.com/opinion/op-ed/2019/06/28/rise-of-the-educated-unemployed>

<sup>74</sup> Bangladesh Institute of Development Studies (2016). "General Economics Division". Retrieved from: <https://bids.org.bd/page/general-economics-division/>

<sup>75</sup> The Daily Star (2019). Khan Muhammad Saqiful Alam. "Youth entrepreneurship and start-ups". Retrieved from: <https://www.thedailystar.net/supplements/28th-anniversary-supplements/news/youth-entrepreneurship-and-start-ups-1702933>

## Disablers

**Inadequate opportunities and support for young people (especially in the rural and peri urban areas) to develop entrepreneurship-specific skills impede the development of youth-led enterprises.**

The entrepreneurs and ecosystem builders interviewed in the study reported that before starting to work in startups, most of the young entrepreneurs living in the urban and peri-urban areas either do not have enough awareness of business support services or access to training at the primary, secondary and tertiary levels. This results in them having less understanding of the best practices and means of transforming ideas into sustainable and effective businesses. Many entrepreneurs face difficulties in the management of their businesses when initiating their ventures. Albeit the Bangladeshi startups have a good access to knowledge, challenges exist in access to practical knowledge and training leading to a skills deficit among new entrepreneurs.<sup>76</sup>

As most of the accelerators are based in the urban areas, the young entrepreneurs in the rural and peri-urban areas receive inadequate support to develop their entrepreneurial skillset.<sup>77</sup> Since a higher percentage of SMEs are based in rural areas, the inadequate access to education, information and

networking are causing a hard and soft skills deficit among the entrepreneurs<sup>78</sup>.

SME entrepreneurs do not get managerial skills training for undertaking strategic planning, marketing, accounting, and cash-flow management. The absence of such vital skills hinders the entrepreneurs from conducting activities pertinent for the survival of the business. As an example, the lack of proper financial and legal record keeping skills disables entrepreneurs from getting bank loans<sup>79</sup>.

Reportedly, young graduates face challenges in acquiring basic technical skills as well as skills in critical thinking, problem solving, communication, negotiation, interpersonal exchanges, leadership, decision making and adaptability. While transitioning from education to employment and entrepreneurship, stakeholders have mentioned that facilities for attaining practical skills and developing an entrepreneurial mindset among the young people are insufficient<sup>80</sup>.

<sup>76</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

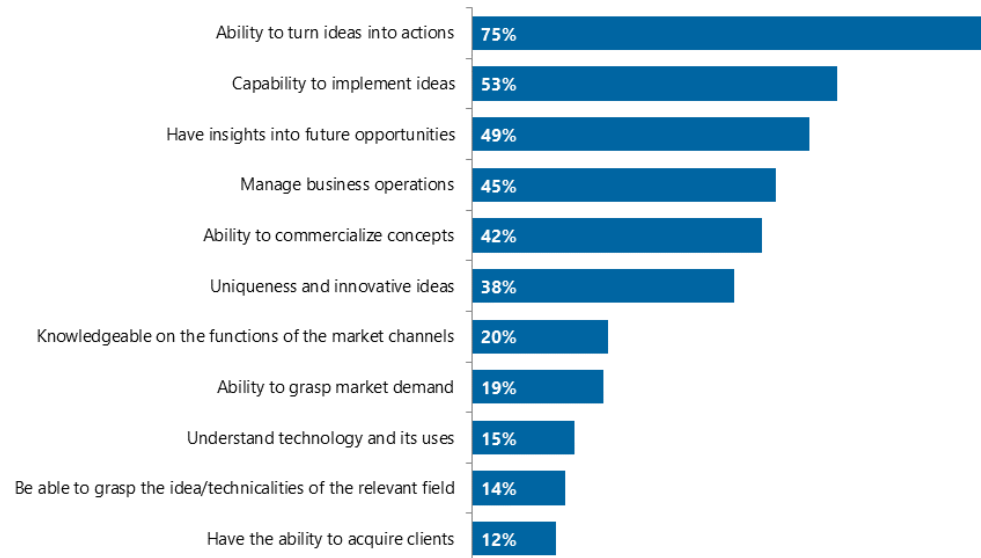
<sup>77</sup> Global Journal of Management and Business Research (2015). "Small and Medium Enterprise". Retrieved from: [https://globaljournals.org/GJMbr\\_Volume15/1-Small-and-Medium-Enterprise.pdf](https://globaljournals.org/GJMbr_Volume15/1-Small-and-Medium-Enterprise.pdf)

<sup>78</sup> Global Journal of Management and Business Research (2015). "Small and Medium Enterprise". Retrieved from: [https://globaljournals.org/GJMbr\\_Volume15/1-Small-and-Medium-Enterprise.pdf](https://globaljournals.org/GJMbr_Volume15/1-Small-and-Medium-Enterprise.pdf)

<sup>79</sup> Global Journal of Management and Business Research (2015). "Small and Medium Enterprise". Retrieved from: [https://globaljournals.org/GJMbr\\_Volume15/1-Small-and-Medium-Enterprise.pdf](https://globaljournals.org/GJMbr_Volume15/1-Small-and-Medium-Enterprise.pdf)

<sup>80</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

**Figure 18:**  
Breakdown of Cognitive  
Factors Highly Sought in  
Successful  
Entrepreneurs



Source: Primary Analytics,  
Entrepreneurship Survey (N=147)

Figure 19 shows that the entrepreneurs surveyed think the core cognitive factors that are highly sought for entrepreneurs are ‘ability to transform ideas into actions’ (75 percent), ‘capability to implement ideas’ (53 percent) and ‘having insights into future opportunities’ (49 percent).

### The current education system does not contribute to developing the entrepreneurship-specific skills of students.

According to the stakeholders interviewed for the study, the education system at the school and post school stages is partly flawed because there is a greater emphasis on the process rather than on actual outcomes. For instance, the Bangladeshi education curriculum teaches English starting from grade 1 to grade 12. Still, the general population scores very low on listening, reading, writing and speaking<sup>81</sup>.

There are no standard, effective and proven guidelines provided by universities for young entrepreneurs at their nascent stages. Educational institutions are not properly emphasising on educating students to take

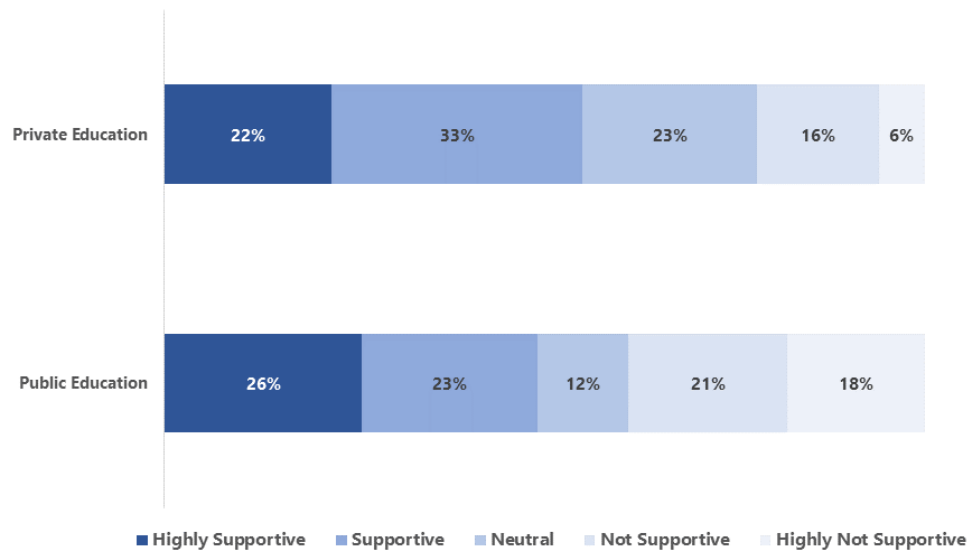
entrepreneurial initiatives, leaving a gap in the ecosystem in terms of skills supply and demand. Most of the successful entrepreneurs have thus far been successful outside of or without the education system.

Academic and education curriculums are not sufficiently conducive to youth entrepreneurship as there is no practical education on entrepreneurship or any entrepreneurial skills development activities such as how to start a business in Bangladesh, what skills are needed for different types of businesses and other basic elements for running a business such as financing, negotiation, networking<sup>82</sup>.

<sup>81</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>82</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

**Figure 19:**  
Supportiveness of Public  
and Private Education  
Towards the  
Development of  
Entrepreneurship and  
Relevant Skills



Source: Primary Analytics, Entrepreneurship Survey (N=147)

Upon asking if the education system is conducive to youth entrepreneurship, the average confidence index score resulted to be 2.2, disagreeing to the given statement<sup>83</sup>.

The unprecedented COVID-19 pandemic brought out the weakness in technology infrastructure for majority academic institutions across the country to adopt online teaching practice, causing year loss and delays in studies for students in Bangladesh.<sup>84</sup>

Overall, the respondents scored the private education system (3.5) higher than the public education system (3.0) on the supportiveness towards the development of entrepreneurial skills or entrepreneurship development. According to the Hex Key Confidence Index, the entrepreneurs and ecosystem builders gave a score of 3.3 in the confidence index for the conduciveness of the primary, secondary and tertiary education system towards entrepreneurship. This score indicates that there are challenges in developing skilled human capital for entrepreneurship through the hands of the education institutions.<sup>85</sup>

In addition, people of ethnic minority groups are still struggling to avail their education in their mother tongue. Following a government decision in 2017, the National Curriculum and Textbook Board took the long overdue decision to publish primary school textbooks in indigenous languages – mainly Chakma, Marma and Tripura – to facilitate learning in ethnic minority communities. The problems identified were two-fold – many indigenous children who did not speak Bangla as their mother language were struggling to keep up in school, while others, because they were learning and writing solely in Bangla, were forgetting their mother tongue. As a result, the introduction of textbooks in indigenous languages were welcomed as a step in the right direction by all quarters. The deficit in teachers' training coupled with an insufficient number of teachers and classrooms, the state of education in indigenous languages is a lot bleaker in the Chittagong Hill Tracts district. While the indigenous language textbooks are in three languages, there are over 11 indigenous groups residing in Bandarban, and a large number of children who speak languages other than Chakma, Marma and Tripura.

<sup>83</sup> LightCastle Primary Analytics (2021). Entrepreneur Survey (N=147)

<sup>84</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>85</sup> LightCastle Primary Analytics (2021). Youth Entrepreneurship Survey, (N=147)



**Unequal access to information, markets and support among female entrepreneurs and discriminatory cultural norms constrain the opportunities of women-led enterprises.**

Female entrepreneurs face a host of challenges when attempting to take entrepreneurial initiatives. In comparison to their male counterparts, women entrepreneurs face difficulties when trying to penetrate new markets rather than the traditional ones. Results from the Mastercard Index of Women Entrepreneurs 2020 revealed that Bangladesh ranked 57 out of the 58 economies, indicating the country being one of the toughest places for female business owners.<sup>86</sup>

According to the International Labour Organization's ILOSTAT database, the number of female participation in the labour force has increased to 36.4 percent in 2019 from 27.8 percent in 2005.<sup>87</sup> Albeit the growing percentage of women in labour force, the

once "male-only" entrepreneurship domain lays multiple challenges for the women including discriminatory social and cultural practices, lack of access to education, supporting networks, training opportunities and market facilities, hiring employees as well as need to balance work and family life.

Furthermore, indigenous women, children and youth are negatively impacted by extractive industries' practices, policies originating from colonial and patriarchal systems and doctrines and failure to implement actions against environmental, sexual and physical violence. There are also challenges related to access to education and training among indigenous young women, which eventually impacts their participation in entrepreneurship<sup>88</sup>.

**Societal pressures and economic burden discourage youth from pursuing entrepreneurship.**

Societal pressures are geared towards young graduates getting employment in public or private organisations rather than encouraging them to pursue a career as entrepreneurs

The journey towards a successful entrepreneurship may range between five to ten years, but social obligations that come with adulthood halt young people to pursue entrepreneurship. Most people are not able to push through these pressures because it becomes even more riskier to pursue entrepreneurship. For example, young men

are forced to choose a career path that generates a monthly stable income to run the family while young female graduates are expected to get married and start a family, which deters their ability to pursue their entrepreneurial endeavours.<sup>89</sup>

According to primary data, 68 percent identified familial expectations to be the greatest hindrance in the transition from education to entrepreneurship, followed by skill/ job expectation mismatch at 56 percent.

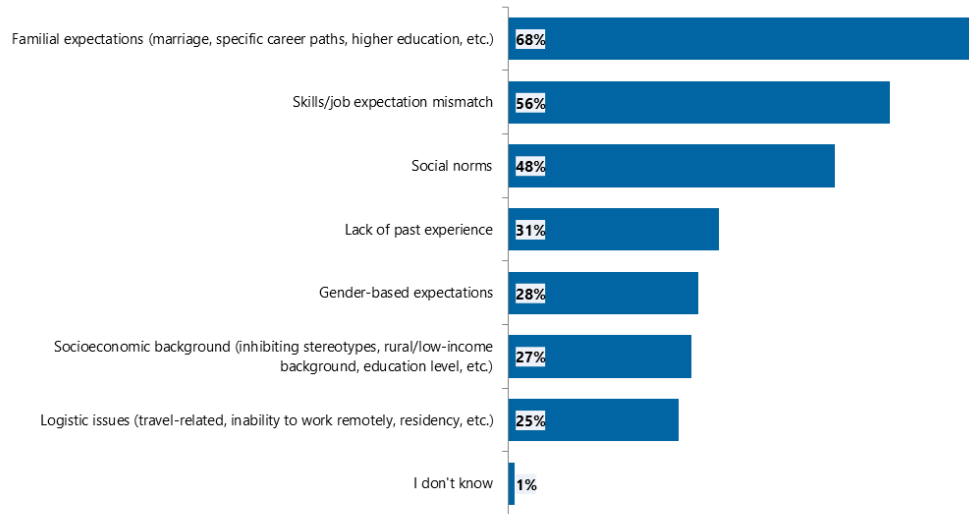
<sup>86</sup> The Daily Star (2020). "Bangladesh: a tough place to be a woman entrepreneur". Retrieved from: <https://www.thedailystar.net/business/news/bangladesh-tough-place-be-woman-entrepreneur-2000069>

<sup>87</sup> International Labour Organisation. ILOSTAT database. Retrieved from: <https://ilostat.ilo.org/>

<sup>88</sup> International Labour Organization (2015). Indigenous people in Bangladesh. Retrieved from: <https://www.ilo.org/dhaka/lang--en/index.htm>

<sup>89</sup> The Daily Star (2014). "Adolescents and young people of Bangladesh". Retrieved from: <https://www.thedailystar.net/adolescents-and-young-people-of-bangladesh-54257>

**Figure 20:**  
Breakdown of Factors  
That Made the  
Transition from  
Education to  
Entrepreneurship  
Difficult



Source: Primary Analytics, Entrepreneurship Survey (N=147)

### The existing skills supply does not match demand, making it difficult for youth entrepreneurs to build a team.

The curriculum followed by the education system does not teach the necessary skills to prepare students for the job market. As the world enters the era of 4th industrial revolution, the way we do business is changing rapidly, creating needs for the type of skillsets. According to our interview findings, young graduates lack the acumen to fulfil the requirements that recruiters currently need, generating a mismatch of demand and the supply for skilled human resources in the job market.<sup>90</sup>

In some cases, graduates are even seen to lack basic typing, grammar, communica-

tion skills. Most recruiters have shown their dissatisfaction with the youth's spirit as universities fail to prepare the young graduates with the necessary skills for employment.<sup>91</sup>

According to the survey data, the stakeholders have given an average score of 2.3 in the confidence index for the level skills supply matches the demand, indicating that stakeholders are not confident in terms of the supply of skilled human resources fulfilling the demand of employers and enterprises<sup>92</sup>.

<sup>90</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>91</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>92</sup> LightCastle Primary Analytics (2021). Youth Entrepreneurship Survey, (N=147)

# 3.3

## Access to Finance and Incentives

Financing and incentives are important aspects for the young entrepreneurs to establish and stay motivated to sustain and grow their businesses. This domain assesses the degree to which the available financial products and services are catering to the needs of the young entrepreneurs along with the incentives available to them. Fur-

thermore, the section covers the incentives available for the investors and funders while diving into the major challenges in terms of availability, awareness, and financial literacy and education. The Hex-Key Domain tests the following key hypothesis of the Access to Finance & Incentives Domain on entrepreneurs and ecosystem builders.

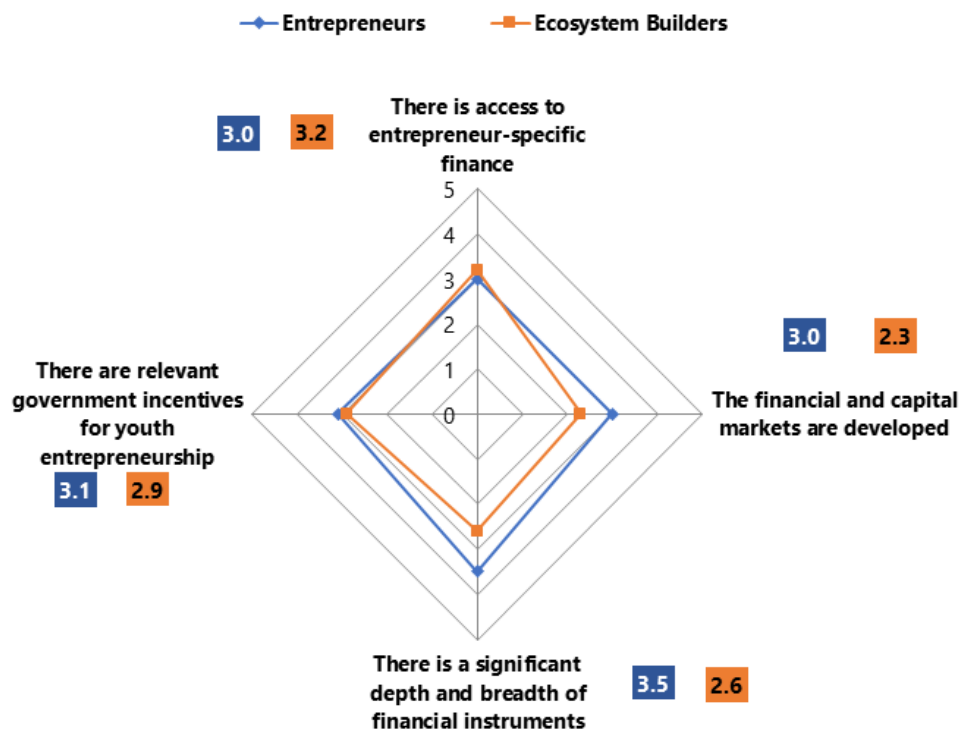
**Entrepreneurial Finance:** There is access to entrepreneur-specific finance

**Development of Financial and Capital Markets:** The financial and capital markets are developed

**Government Incentives:** There are relevant government incentives to meet the financial needs of the youth entrepreneurs

**Depth and Breadth of Financial Instruments:** There is a significant depth and breadth of financial instruments for the youth entrepreneurs

**Figure 21:**  
Access to Finance & Incentives Framework  
Domain Confidence  
Index Score



Source: Hex-Key  
Entrepreneurship Confidence  
Index (n=173)

The average score on the accessibility of youth entrepreneurship specific finance was 3 among the surveyed entrepreneurs. A score of 3.1 was assigned to the availability of government enabled incentives for young entrepreneurs. The entrepreneurs are indifferent to the context of the financial and capital markets being significantly developed for the youth by rating 3 on this characteristic. The final component for the domain includes the financial instruments and products being significantly available in terms of their depth and breadth. A score of 3.5 on this component suggests the need for improvement. The entrepreneurs have assigned a total average score of 3.2 to the Access to Finance domain.

The ecosystem builders, on the other hand,

have given a total average score of 2.8 to this domain. The availability of entrepreneurship-specific finance has received a score of 3.2, showing indifference from the stakeholders. The ecosystem builders rated 2.9 for the availability of government incentives for youth entrepreneurship, disagreeing with the component. In the contexts of the financial markets being significantly developed and the availability of youth entrepreneur-specific financial instruments, the ecosystem builders gave scores of 2.3 and 2.6, respectively. The scores indicate the need to develop youth entrepreneur-specific financial markets and instruments from the perspective of the ecosystem builders.

The Access to Finance domain received an overall score of 3.

## Enablers

**There are public sector provisions for funding and incentives to develop entrepreneurship and employment.**

The government has a total budget of US\$440 million to aid youth development in FY20-21, allocated to four key employment generation focused ministries. The budget for the Ministry of Industry (MOI) stands highest at US\$175Mn, followed by the youth-focused Ministry of Youth and Sport (MoYS) at US\$170Mn, Ministry of Expatriates' and Overseas Employment (MoEOE) at US\$65Mn and Ministry of Labour and Employment (MoLE), US\$50 respectively.<sup>93</sup>

There are other provisions for funding and incentives for entrepreneurs as well,

however, the provisions are in general for all and not curbed specifically for the youth. For SMEs, the Government of Bangladesh has provided stimulus packages of \$3.2Bn (~BDT 27,500 Crores) to curb the effects of COVID-19 pandemic in 2020<sup>94</sup>. Bangladesh Bank has announced to disburse more than \$7 Bn by 2023 to enhance the inclusivity and ensure resilience for the SME sector<sup>95</sup>. The ICT Division has launched projects such as the iDEA Project and Startup Bangladesh Limited and allocated more than \$58.9 Bn of funds to enhance the local startup ecosystem.

<sup>93</sup> Centre for Policy and Dialogue -CPD (2021). "An Analysis of the National Budget for FY2021-22". Retrieved from: <https://cpd.org.bd/wp-content/uploads/2021/06/CPD-Budget-Analysis-FY2022.pdf>

<sup>94</sup> The Daily Star (2020). "Supporting small and medium enterprises through the COVID-19 pandemic." Retrieved from: <https://www.thedailystar.net/round-tables/news/supporting-small-and-medium-enterprises-through-the-covid-19-pandemic-1955173>

<sup>95</sup> LightCastle Partners Analytics Wing (2020). "The Stimulus Package: Can it help our SMEs tackle the unprecedented crisis?" Retrieved from: <https://www.lightcastlebd.com/insights/2020/05/the-stimulus-package-can-it-help-our-smes-tackle-the-unprecedented-crisis>

## Financial support from private organisations has bolstered the growth of the youth entrepreneurship ecosystem.

Private organisations like BRAC have supported youth economic empowerment through vocational training programmes for young men and women and by providing microfinance for young entrepreneurs<sup>96</sup>. Microfinancing has enabled new gateways for small-scale entrepreneurs, and private organisations such as Grameen Bank and NGOs have taken it to the next level to economically empower the people in the remote areas.<sup>97</sup>

### Deeper Analysis



**Grameen Bank:** Changing the microfinance landscape by enabling access to finance to the poorest.

Grameen Bank holds a significant position in developing the global microfinancing perspective. Established in 1983, the vision of Grameen Bank is to support the poverty-stricken people by providing loans on easy terms<sup>98</sup>. With their model that proves that the 'poor are bankable', Grameen Bank has been a successful source of information and inspiration for microcredit institutions in more than one hundred countries.<sup>99</sup>

Traditional banks are reluctant to provide loans without collateral or other securities, which disable the poor from accessing finances. Whereas the Grameen Bank model relies on the assumption that even the poorest can develop and manage their finances. The micro-credit instrument enables people from the poverty-stricken areas to acquire long term loans at easier terms.<sup>100</sup>

In 2006, the founder-director of Grameen, Dr Muhammad Yunus and Grameen Bank jointly received the Nobel

Peace Prize for changing the microcredit landscape of the world. Before 2006, the bank had disbursed loans to more than seven million people, of which 95 percent were women. As of January 2021, Grameen Bank has more than 9.38 million members and 97 percent of them are women.

The bank has 2,568 branches, providing services in 81,678 villages with a 93 percent of coverage of the total villages in Bangladesh.<sup>101</sup>

<sup>96</sup> Brac. "Supporting youth to become successful entrepreneurs in Bangladesh". Retrieved from: [http://www.brac.net/sites/default/files/youth%20piece\\_0.pdf](http://www.brac.net/sites/default/files/youth%20piece_0.pdf)

<sup>97</sup> Bangladesh Bank

<sup>98</sup> Brooks World Poverty Institute (2008). "The Story of the Grameen Bank: From Subsidised Microcredit to Market-based Microfinance". Retrieved from: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1300930](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1300930)

<sup>99</sup> The Nobel Prize (2021). Grameen Bank. Retrieved from: <https://www.nobelprize.org/prizes/peace/2006/grameen/facts/>

<sup>100</sup> Brooks World Poverty Institute (2008). "The Story of the Grameen Bank: From Subsidised Microcredit to Market-based Microfinance". Retrieved from: [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1300930](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1300930)

<sup>101</sup> Grameen Bank (2021). Retrieved from: <https://grameenbank.org/>

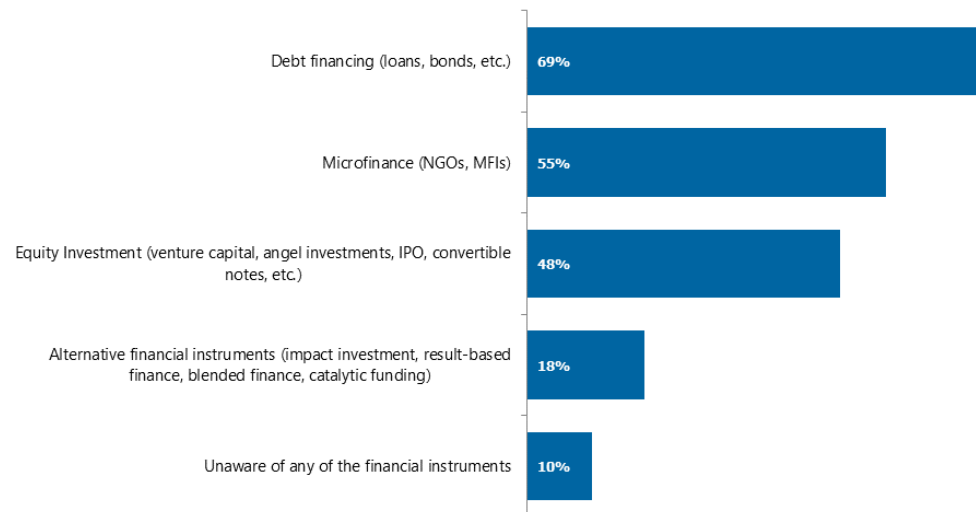


The positive impact generated through efforts of Grameen Bank has been acknowledged in many studies including the World Bank, the International Food Research Policy Institute (IFPRI) and the Bangladesh Institute of Development Studies (BIDS).

### Nobin Udyokta Program

Grameen Trust runs a programme called **Nobin Udyokta (New Entrepreneur)** which is aimed for the children of Grameen Bank members aged between 18-35 years with the aim for development of Social Businesses in Bangladesh. The programme encourages young individuals of the community to create employment for themselves as well as others by using their creative, innovative and entrepreneurial skills. Through this program, Grameen Trust plans to convert youth unemployment to entrepreneurship. Since its inception in 2013 till 2019, the programme has supported 21,000+ new youth entrepreneurs with 16 percent female participation.

**Figure 22:**  
Awareness of Financial  
Instruments among  
Surveyed Youth  
Entrepreneurs



Source: Primary Analytics,  
Entrepreneurship Survey (N=147)

Figure 22 shows that 69 percent of the youth entrepreneurs surveyed for the study are aware of debt financing, and 55 percent are aware of Microfinancing. Ten percent of the entrepreneurs surveyed are unaware of any of the available financing instruments.





**There is a growing interest from financial institutions to develop last-mile access to finance.**

Agent banking was introduced in 2013 by the Bangladesh bank to provide financial services to rural communities that previously had no access to banking services. Out of 28 licensed banks, 27 are in operation with a total 12,345 active agent banking agents as of March 2021.<sup>102</sup>

The introduction of such banking services has improved access to financing solutions for the rural entrepreneurs. According

to Bangladesh Bank, the disbursement of loans through the agent banking wing in March 2021 was the second highest after the disbursement of Tk 483.1 crore in loans through agents banking wings in December 2020.

In April 2021, the number of agent banking accounts reached 11.15 million from 6.7 million a year ago.

**Training facilities are enabling formalisation among women-led SMEs, providing a greater opportunity to access formal finances, developing credit score and formalising financial record keeping.**

Multiple initiatives from the development sector are taking place to advocate women's entrepreneurship and economic empowerment. These programmes not just provide business acumen, but also support women in developing financial systems and improving financial literacy. Some notable programmes include the Unnoty Gender Accelerator Program by ACDI/VOCA trained women entrepreneurs in business and financial literacy. The programme resulted in

more than 45 female entrepreneurs graduating within nine months of training with acumen in financial record keeping and business model planning<sup>103</sup>. UN Women has launched UN Women Care Accelerator - an online group training and incubating programme for female entrepreneurs and businesses led by or supporting women in the care industry.

<sup>102</sup> Bangladesh Bank

<sup>103</sup> ACDI VOCA (2019). "Unleashing the Potential of Female Agri-Entrepreneurs in Bangladesh". Retrieved from: <https://www.acdivoca.org/2019/07/bangladesh-project-unleashes-potential-of-female-agri-entrepreneurs/>

## Disablers

### The scale and scope of entrepreneur-specific financing opportunities are limited.

Stakeholders have reported a lack of proper investment solutions catered to the different types of entrepreneurs, especially in their early stages and this is barring enterprises from establishing, operating and/or expanding. Ecosystem support actors, such as local private investors, lack proper investment knowledge, and accelerators/pre-accelerators along with angels take up most of the equity, leaving the early-stage entrepreneurs with very little equity that can be marketed to attract international investors.

Due to the high riskiness of youth enterprises, banks do not prefer to provide debt to young entrepreneurs as they assume that they are not able to cope with the high-risk premium. Although MFIs supply seed money to the youth entrepreneurs, it is not enough to help their businesses grow or absorb the risks<sup>104</sup>. MFIs' reluctance to fund higher loans stem from several factors such as: high cost and risk of MSME debt, limited branch network, profits only from large and medium loans and unsuitability of collateral-based lending. MFIs find the problems related to financial, operational and regulatory constraints disable the MFIs to finance the MSMEs. Unlike banks, MFIs do not have larger portfolios to reduce the cost of defaulting and maximising. Moreover, regulations on MFIs, such as maintaining 15 percent deposit as liquidity reserves, restricting MSME loans to fifty percent of the total outstanding loans, and having ten percent of mem-

ber reserve funds as deposits further cause constraints in accessing MFI finance.<sup>105</sup>

Businesses with trade licenses of under three years are not allowed to get debt capital from banks, which makes it difficult for the SMEs and startups to access funding. The enterprises can generally raise the initial \$20K to \$100K capital through angel investors, but it is difficult for them to access larger rounds of financing beyond this stage<sup>106</sup>.

Entrepreneurs and ecosystem builders interviewed in the survey have stated that banks do not always conduct due diligence properly which results in default loans. In effect to that, banks may be reluctant to support small businesses<sup>107</sup>.

There is a lack of access to funding for the entrepreneurs also because no widespread crowdfunding opportunities exist. Moreover, entrepreneurs are still not fully aware of how they can access finance and lack capacities to develop a standard-practice business proposal for their enterprises, be it big or small scale<sup>108</sup>.

The average confidence score on the availability of entrepreneur-specific finance is 3.0 by the entrepreneurs and 3.2 by the ecosystem builders, where stakeholders have agreed that financing is available for businesses, but the gap exists in the availability of youth entrepreneurship-specific

<sup>104</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>105</sup> Business Finance for the Poor (2017). "Diagnostics of Micro-enterprise Lending by MFIs in Bangladesh: Opportunities and Challenges". Retrieved from: [http://inm.org.bd/wp-content/uploads/2017/07/Policy-Brief\\_ME\\_English.pdf](http://inm.org.bd/wp-content/uploads/2017/07/Policy-Brief_ME_English.pdf)

<sup>106</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>107</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

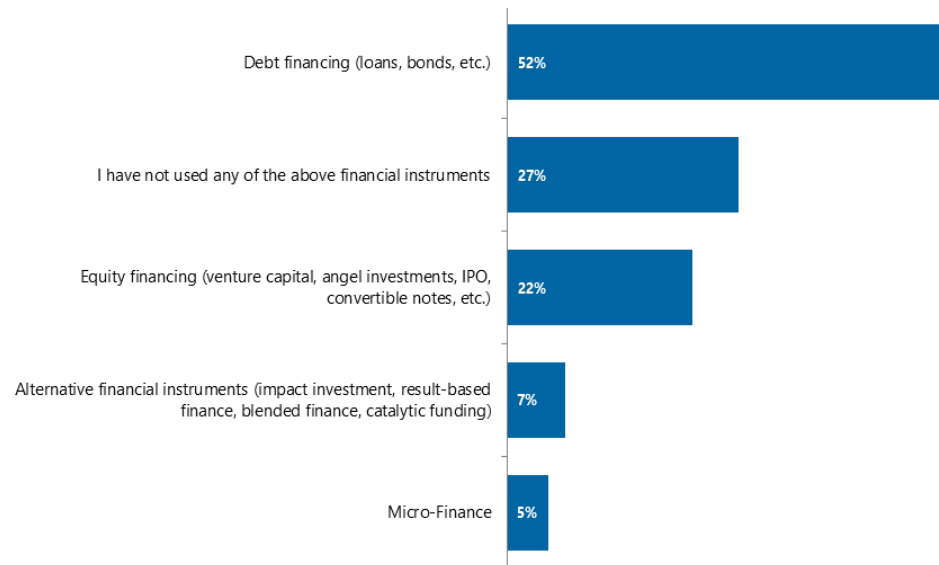
<sup>108</sup> LightCastle Primary Analytics(2021). Interviews from the Key Ecosystem Stakeholders (N=26)



financing. Furthermore, the stakeholders have suggested that there is a need for new and better forms of financing options as the varieties of financial instruments are not broad and do not include customised financial products for the different types of youth-led enterprises.

Entrepreneurs have given a confidence score of 3.5 and ecosystem builders gave a score of 2.6 in the context of the depth and breadth of the different types of financial instruments<sup>109</sup>.

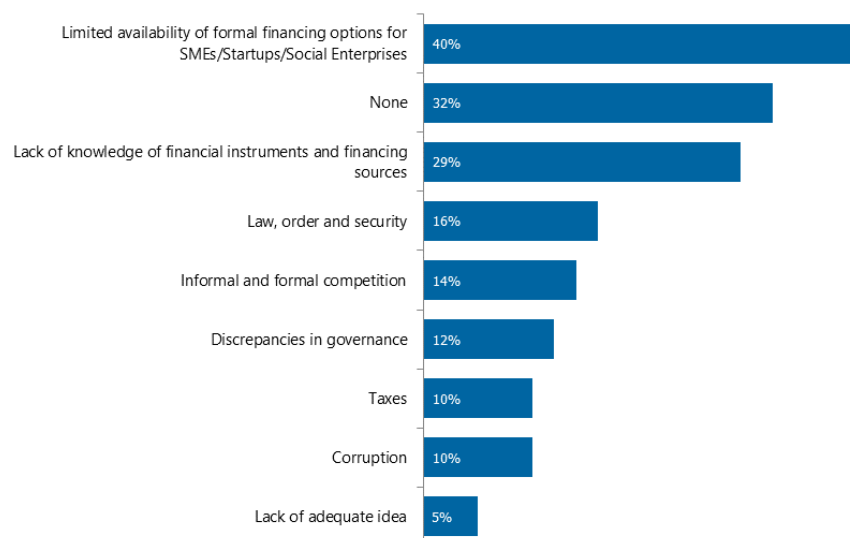
**Figure 23:**  
Breakdown of Financial Instruments Used by Youth Entrepreneurs in Their Businesses



Source: Primary Analytics, Entrepreneurship Survey (N=147)

Figure 23 demonstrates the breakdown of financial instruments used by the surveyed youth entrepreneurs in their businesses. Debt financing is the most used financing instrument among the survey participants (52 percent). Despite Bangladesh being known for its pioneering microfinancing models, only five percent of the surveyed young entrepreneurs have used microfinancing in their businesses.

**Figure 24:**  
Youth Entrepreneurs' Challenges in Accessing Finance



Source: Primary Analytics, Entrepreneurship Survey (N=147)

Figure 24 shows the breakdown of challenges the surveyed youth entrepreneurs face while trying to access finance. Limited availability of financing options for different enterprise types is the most commonly identified challenge among the surveyed entrepreneurs (40 percent). 29 percent of youth entrepreneurs think that the lack of knowledge on the financial instruments poses challenges to enterprises. According to 32 percent of the surveyed entrepreneurs there are no challenges related to access to finance.

### Female entrepreneurs face unequal access to finance for institutional and cultural reasons.

The establishment, growth and sustainability of the youth enterprises led by female entrepreneurs are hindered by the inadequate access to commercial credit and other types of financing. Such inadequacies exist mainly due to their perceived credit-worthiness and cultural barriers that their male counterparts do not have to face.

Female entrepreneurs, especially in rural areas, do not get proper access to management education and technical training and technical training, which prevents them from learning how to prepare legal documentation and loan proposals. Additionally, women's creditworthiness is often questioned, and loans are denied by the banks and financial institutions when they are unable to provide appropriate assets as collateral<sup>110</sup>. A 2011 study by IFC revealed that

97 percent of the female-led businesses are run from home, and most of the time the entrepreneurs offer household assets as collaterals<sup>111</sup>.

Among the cultural barriers, are the existing patriarchal societal tradition and practices, which limit women's access to collateral and money, hindering their ability to raise capital<sup>112</sup>. Female entrepreneurs are not given loans if they have not been guaranteed by the male head of the family, further limiting their access to loans and finance.

Entrepreneurs have given a score of 3.2 to convey that the existing financial services and instruments to establish or develop a business for young women are not adequate to meet their needs for the development of their businesses<sup>113</sup>.

<sup>110</sup> The Daily Star (2020). "The challenges faced by women-led SMEs and the way forward". Retrieved from: <https://www.thedailystar.net/round-tables/news/the-challenges-faced-women-led-smes-and-the-way-forward-1848013>

<sup>111</sup> International Finance Corporation (2011). "Strengthening Access to Finance for Women-Owned SMEs in Developing Countries". Retrieved from: [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/sustainability-at-ifc/publications/publications\\_report\\_accesstofinanceforwomensmes](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/sustainability-at-ifc/publications/publications_report_accesstofinanceforwomensmes)

<sup>112</sup> The Daily Star (2017). "Challenges for women entrepreneurs". Retrieved from: <https://www.thedailystar.net/education-employment/challenges-women-entrepreneurs-1366573&DevPolicy> (2019). "Inheritance rights of women and Shariah law: the case of Bangladesh". Retrieved from: <https://devpolicy.org/inheritance-rights-of-women-20191104/>

<sup>113</sup> LightCastle Primary Analytics (2021). Survey of Entrepreneurs (N=147) & Ecosystem Builders (N=26)



**The number of angel investors are nascent compared to neighbouring countries.**

As interest in the Bangladeshi startup ecosystem has grown, so has the responsibility of angel investors and other early-stage stakeholders to properly assist founders and startups in preparing for their next stages of growth and funding. The lack of consistent and appropriately structured angel funding is one of the single biggest weaknesses that has limited the development of the ecosystem. In comparison, our regional peers in India, Indonesia, and Vietnam have benefitted from angels playing a critical role in the early development and future funding of startups. The financial incentives provided by the

government are not effective, as incentives such as tax rebates are applicable for investing in public companies in the stock market, but private investments in startups do not count within the rebate incentives.

The key informant interviews of the study have mentioned that it is very hard to attract international angel investors due to the complex and backdated legislative system and legal framework, which discourages international investors to invest in local startups<sup>114</sup>.



# 3.4

## Business Development Support and Infrastructure

Accessing proper support from the ecosystem builders is essential for the growth and development of youth-led enterprises. The business development support and infrastructure include the institutions and facilities available to support the entrepreneurship ecosystem in the country. This domain discusses the support available for strength-

ening the entrepreneurship ecosystem for youth and the major weaknesses and threats related to the business development support and infrastructures. The Hex-Key Domain tests the following key hypothesis of the Business Development Support & Infrastructure domain on entrepreneurs and ecosystem builders.

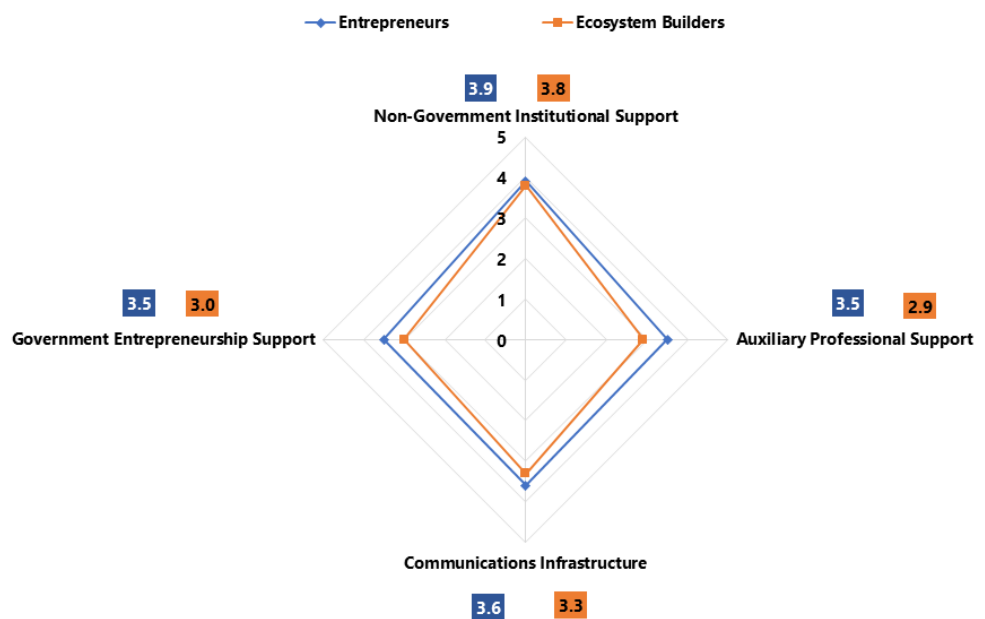
**Non-Government Institutional Support:** The existing non-government institutions are relevant and supportive of youth entrepreneurship (accelerators, incubators, development organisations, educational institutions, etc.)

**Auxiliary Professional Support:** The existing auxiliary professional services are adequate and supportive to youth entrepreneurship (legal, accounting, consulting, technical expert, investment advisors)

**Communications Infrastructure:** The price of utilities (internet/mobile phone/electricity/water/gas) is adequate to support local businesses

**Government Entrepreneurship Support:** There is enough government-led opportunities supporting youth entrepreneurship

**Figure 25:**  
Business Development Support & Infrastructure Domain Confidence Index Score



Source: Hex-Key Entrepreneurship Confidence Index (n=173)





The entrepreneurs gave an average total score of 3.6 for the Business Development Support and Infrastructure of the youth entrepreneurship ecosystem. Out of the four components, the entrepreneurs gave a score of 3.9 to the level of support from the non-government organisations, indicating their moderate agreement to the existence of such support. The entrepreneurs assigned the same score of 3.5 for the level of support and relevance from the government and auxiliary professional services<sup>115</sup> for youth entrepreneurship. The score indicates that such services are moderately adequate and supportive of youth entrepreneurship. The adequacy of the communications infrastructure<sup>116</sup> to support local businesses has received a score of 3.6, showing that entrepreneurs expect some improvements in this domain.

The ecosystem builders have given an average score of 3.2 on the Business Develop-

ment Support and Infrastructure domain. A score of 3.8 has been assigned to the level of support and relevance from the non-government institutions, followed by a score of 3 for the level of support from the government institutions for youth entrepreneurship.

These scores suggest that ecosystem builders find non-government organisations to be more supportive and relevant to youth entrepreneurship than their government counterparts. Lastly, a score of 3.3 has been assigned to the communications infrastructure being adequate to support the youth entrepreneurship ecosystem.

The overall average score for the Business Development Support and Infrastructure domain is 3.4. The score indicates that there is room for enhancing the support system for the youth entrepreneurs and their businesses.

## Enablers

**Business support infrastructure (including many active ecosystem builders and support programmes) are enhancing the entrepreneurship ecosystem.**

Although still small, the ecosystems support services such as accelerators, incubators, consulting along with many capacity building, advocacy, and awareness programmes, are catering to the youth entrepreneurship ecosystem by providing mentorship, training, advisory services and investments to entrepreneurs at all levels. Such support systems provide entrepreneurs also with market access support, access to distribution channels, and opportunities to access local and global investors. These facilities foster growth among the young entrepreneurs

and enable them to access wider markets.

Many government organisations such as Bangladesh Industrial Development Authority (BIDA), Startup Bangladesh Limited, Small and Medium Enterprise Foundation (SMEF), Ministry of Youth and Sports (MOYS), Bangladesh Industrial Technical Assistance Centre (BITAC), and Bangladesh Small and Cottage Industries Corporation (BSCIC) are developing the entrepreneurial landscape through the above-mentioned activities.

<sup>115</sup> Examples include legal, accounting, consulting, technical expert, investment advisors

<sup>116</sup> Such as the internet/mobile phone/electricity/water/gas prices and their availability

Moreover, private organisations such as BRAC, YES Centre, Durbin Foundation, SER-AC Bangladesh, Empower Youth for Work, Bangladesh Youth Enterprise Advice & Help Centre (B'Yeah) encourage and facilitate entrepreneurship among the young people in urban, rural and low-income areas to enable male and female youths to achieve economic empowerment and participation. The inclusion of more than thirty active pri-

vate and public accelerators and incubator programmes in total have further broadened the support infrastructure of the entrepreneurship landscape.<sup>117</sup>

43.2 percent of the Youth Entrepreneurship Survey, respondents said that they are aware of the accelerator support services, and 32.9 percent of them have participated in such programmes<sup>118</sup>.

**Active collaboration among the ecosystem stakeholders is enabling greater scale and scope of existing networks and programmes.**

The ecosystem builders including the government representatives mentioned the need for the private and public organisations in the youth entrepreneurship ecosystem to come forward and collaborate to enable a better ecosystem for the youth entrepreneurs to develop and grow their businesses.<sup>119</sup>

Active collaboration platforms can enable the young entrepreneurs to network and communicate their needs to the ecosystem

builders while enabling awareness building and partnerships among mentors, investors, government institutions and others.<sup>120</sup> Collaboration networks among the different social business networks, private and public organisations can provide the opportunity to reach young entrepreneurs across the country to generate economic benefits and assist young entrepreneurs in developing their businesses and supporting their communities.<sup>121</sup>

## Deeper Analysis

### **How Singapore established a formal structure for a Public Private Partnership (PPP) by establishing the Action Community for Entrepreneurship (ACE).**

The network of inter-organisational IT expertise across the public and private sectors ensured greater collaboration among the two entities in Singapore. The establishment of ACE in 2003 by the Ministry of Trade & Industry is the result of such collaboration, which is supported by the Singapore government.

<sup>117</sup> LightCastle Partners (2021). Bangladesh Startup Ecosystem Report – 2021, Retrieved from: <https://www.lightcastlebd.com/insights/2021/06/bangladesh-startup-ecosystem-report-2021>

<sup>118</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>119</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>120</sup> Youth Business International. "Implementing Youth Entrepreneurship Support programmes". Retrieved from: <https://www.youthbusiness.org/resource/implementing-youth-entrepreneurship-support-programmes>

<sup>121</sup> Inclusive Business.net. "THE STORY OF BRAC - THE BIGGEST COLLABORATIVE SOCIAL BUSINESS IN BANGLADESH". Retrieved from: <https://www.inclusivebusiness.net/ib-voices/story-brac-biggest-collaborative-social-business-bangladesh>

ACE is the National Voice for the Singapore Startup Ecosystem and concentrates on the five pillars of the ecosystem: Startups, Corporations, Institutes of Higher Learning, Risk Capital, and Public Sector. ACE is one of the drivers in making Singapore an innovation hub, creating virtual and physical spots to transform ideas, knowledge and capability into valued entities.

The PPP of Singapore makes it a prime spot for global economic activity as the island provides great business establishment opportunities and environment for the local and international entrepreneurs, corporations and investors.

Therefore, the active engagement and collaboration among the government and private organisations have contributed to ranking Singapore number two in the World Bank Ease of Doing Business. The high ranking is largely due to easy terms such as: 17 percent corporate tax rate, no taxes on dividend or capital gain, over fifty comprehensive Double Taxation Avoidance Agreements, many free trade and Investment Guarantee Agreements, and easy business terms for foreign entrepreneurs.

**There are several platforms and organisations working on the empowerment of youth from religious and ethnic minority communities.**

Despite the unavailability of youth entrepreneur-specific development programs for the minority groups, there are programmes that help develop the conditions of the minority communities and contribute to developing an enabling environment for youth entrepreneurship among minority youth.

**Bangladesh Indigenous Peoples Forum (BIPF):** BIPF is a national platform for indigenous peoples of Bangladesh and dedicated to focus on the recognition and realisation of the rights of indigenous people. Through this platform, events such as Youth Conference has been initiated, which aims to improve the youth's awareness and participation in achieving the SDGs. Youth can explore relevant agendas and share innovative ideas through this platform.<sup>122</sup>

**SHAREE:** SHAREE is the acronym for Self-Help Association for Rural people through Education & Entrepreneurship, is registered in Bangladesh as an NGO with both the Directorate of Social Welfare and NGO Affairs Bureau. It runs lobby and advocacy campaigns for the marginalised and disadvantaged communities in Bangladesh so that their human rights can be promoted and/or protected. Running rights-based activities and activism for the promotion and protection of minority rights has been among SHAREE's main activities. SHAREE focuses on raising awareness of reforming traditional derogatory practices on minority women and improving young women's access to education, employment and entrepreneurship.<sup>123</sup>

<sup>122</sup> Bangladesh Indigenous Peoples Forum (BIPF). Retrieved from: <https://bdplatform4sdgs.net/profile/bangladesh-advansi-forum/#>

<sup>123</sup> Minority Rights Group International (2019). "World Directory of Minorities and Indigenous Peoples." Retrieved from: <https://minorityrights.org/directory/#>

**Brac Indigenous Project:** The project to empower the indigenous community by providing training and development facilities, capacity building, and livelihood opportunities. The initiative has been working with 287 Indigenous Village Development Organisations for nine years and have impacted 84,000 indigenous people across three districts. The project organises training facilities for youth to develop their skills in areas such as mechanics, computer-learning skills and sewing. The project has helped hundreds of indigenous youths to acquire technical and vocational skills which enabled them to establish businesses that support their families and communities.<sup>124</sup>

**Bangladesh Firestarter Initiative (BFI):** This project by ActionAid addresses the challenges faced by youth in building capacity and leadership skills. The initiative intends to support underprivileged youths from vulnerable backgrounds, especially young women, and minority communities. The objective of the platform is to connect the wider youth ecosystem with the small youth groups to establish mentorship, capacity building and partnerships in entrepreneurship.<sup>125</sup>

## Disablers

**The scale and scope of support are not adequate to the demand for business development support.**

It is difficult to find readily available, consolidated platforms that provide information on mentorship, guidance and training for youth on the foundation and development of businesses. According to the stakeholders interviewed, most of the enterprises, especially startups, tend to shut down at their early stages because of the absence of proper guidance and a platform which provide proper industrial guidelines<sup>126</sup>.

Based on the survey data, it is not evident that the support infrastructure such as accelerators and incubators are reaching or providing adequate support to all young entrepreneurs. For example, 67.1 percent of the youth entrepreneurs surveyed did not join any accelerator or incubator programmes<sup>127</sup>.

<sup>124</sup> Brac- Development that works for indigenous people in Bangladesh- Retrieved from: <http://blog.brac.net/development-that-works-for-indigenous-people-in-bangladesh/>

<sup>125</sup> Bangladesh Firestarter Initiative (BFI)- Retrieved from: <https://actionaidbd.org/post/bfi>

<sup>126</sup> LightCastle Primary Analytics (2021). Interviews from the Key Ecosystem Stakeholders (N=26)

<sup>127</sup> LightCastle Primary Analytics (2021). Entrepreneur Survey (N=147)

**Support and development programmes for enterprises are disproportionately located in Dhaka compared to the rest of the country.**

The absence of awareness and urban-centric reach of capacity building/business development programmes hinders access to those support services especially among entrepreneurs in rural areas, women, and enterprises at different stages and sizes.

Entrepreneurs living outside of Dhaka are not getting proper ecosystem support in comparison to those living in Dhaka. Most

of the skills development programmes are held physically and it becomes difficult for enterprises outside Dhaka to join since such programmes are based in Dhaka<sup>128</sup>.

There is a gap in availing proper business-related information for the youth entrepreneurs. Moreover, the access to information is more prevalent in the urban areas which hinder the rural entrepreneurs from applying their talents effectively.





# 3.5

## Access to Market

This domain analyses the state of the access to the local, regional, national, and international markets for the youth entrepreneurs to penetrate and work on. The domain further draws out the sentiments of the entrepreneurs and ecosystem builders and

synthesises the barriers existing in the local, regional, national, and international markets for the youth entrepreneurs. The Hex-Key Domain tests the following key hypothesis of the Access to Market domain on entrepreneurs and ecosystem builders.

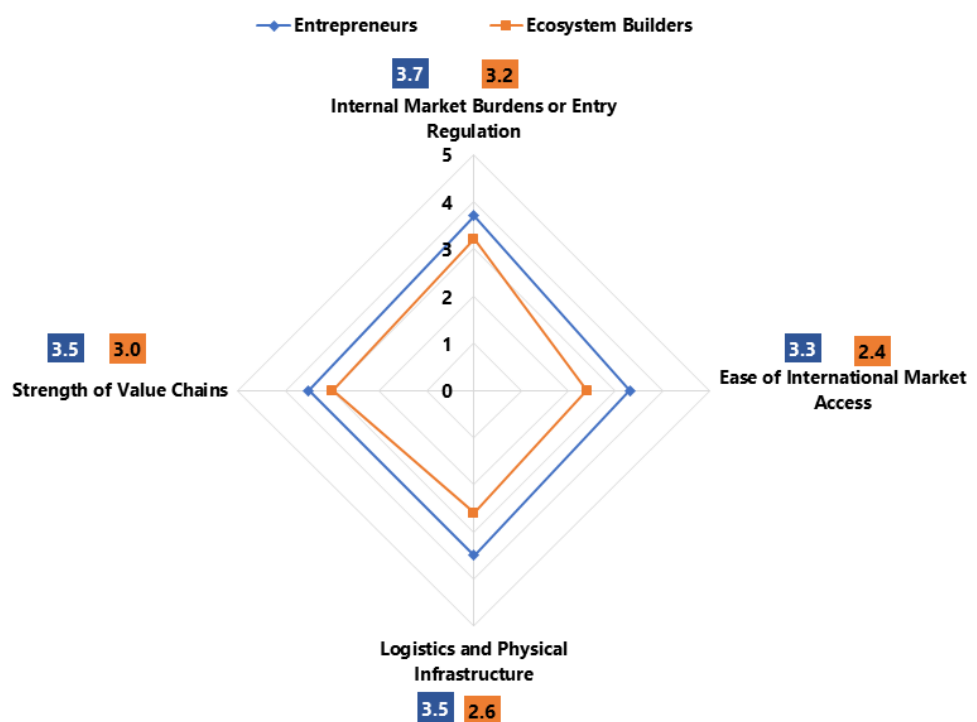
**Internal Market Burdens or Entry Regulation:** Internal market burdens and/or entry regulations are supportive to business establishment, operation, and expansion

**Ease of International Market Access:** There are facilities to ease access to international markets

**Logistics and Physical Infrastructure:** The existing logistics and physical infrastructure is efficient and effective for business use

**Strength of Value Chains:** The existing distribution channels (roads/transport/labour/etc.) is effective and efficient for the distribution of products and services

**Figure 26:**  
Access to Market Domain Confidence Index Score



Source: Hex-Key Entrepreneurship Confidence Index (n=173)



The surveyed entrepreneurs have given a total score of 3.5 for the Access to Market domain. A score of 3.7 on the first component indicated that the internal market burdens and/or entry regulations are moderately supportive to the establishment, operation, and expansion of youth-led businesses. The quality of existing value chains and the standards of the existing logistic and physical infrastructure received the same score of 3.5, which shows that such components in the current infrastructure need refinement to support the youth-led businesses more efficiently and effectively. The facilities to enable entry to the international market have been rated 3.3 by the entrepreneurs stipulating a low score for the ease of access to the international markets.

The ecosystem builders assigned a total average score of 2.8 on the ease of access to the market for the youth entrepreneurs. A

score of 3.2 has been given on the internal market burdens and/or entry regulations which moderately validates their support for the establishment, operation, and expansion of youth-led businesses. The ecosystem builders assigned a score of 3 on the quality of the existing value chains, showing indifference to their level of efficiency and effectiveness. The stakeholders have disagreed that the existing logistics and physical infrastructure are efficient and effective for youth-led businesses by assigning a score of 2.6. The ecosystem builders have additionally given a score of 2.4, disagreeing that the accessibility of the entry to international markets is easy for the youth entrepreneurs.

The overall average score for the Access to Market domain is 3.2. The score is suggestive of the entrepreneurs and ecosystem builder being neutral about the access to markets for the youth entrepreneurs.

## Enablers

### Online markets are providing growing opportunities for youth-led enterprises.

The increase in consumer appetite has expanded the macro and micro economic markets online, enabling entrepreneurial opportunities for the youth-led enterprises. With 163 million mobile subscriptions and 47.61 million internet users, the internet penetration rate stood at 68 percent in Bangladesh as of January 2021.<sup>129</sup> The number of internet users in Bangladesh increased by 7.7 million (+19 percent) between 2020 and 2021, giving a greater number of people access to online market. The increase in consumer appetite and the high internet and

mobile reachability can open opportunities for young entrepreneurs in the different parts of the country to leverage online marketplaces.

According to Bangladesh E-Commerce Association, the e-commerce industry has contributed a total business transaction of more than \$824 million and the f-commerce market produced a total transaction of more than \$117 million in 2020.<sup>130</sup> One of the major growth factors for the online market is the smartphone adoption by a large

<sup>129</sup> Dhaka Tribune (2021). "Bangladesh charts 9m new social media users". Retrieved from: <https://www.dhakatribune.com/bangladesh/2021/04/26/bangladesh-charts-9m-new-social-media-users>

<sup>130</sup> Bangladesh E-commerce Association. Retrieved from: <http://e-cab.net/>



youth population, which grew this market by \$2 billion.<sup>131</sup>

Moreover, a 2015 study by Kaymu has revealed that the greatest number of e-commerce users surveyed (61 percent) were under the age bracket of 25 to 34 years and that online markets can provide significant opportunities for the youth.<sup>132</sup> Moreover, with more than forty million Facebook users, the e-commerce market is experiencing a boom and the COVID-19 pandemic is further cat-

alysing this growth.<sup>133</sup> The rise of the online marketplace has widened the opportunities for many youths to conduct their businesses online.

E-commerce and online sites such as Darraaz, Bikroy.com, Shopup, BeshiDeshi have given opportunities for youth with small scale businesses to market and sell their products and services through these sites, enabling wider access to market.

**There are NGO and government-led opportunities for rural entrepreneurs to access wider and larger markets.**

Improved infrastructure, including rural roads, rural electrification, and storage facilities link small producers to markets. Organisations such as Aarong create platforms for rural entrepreneurs to access the market. To support women entrepreneurship an initiative called “Joyeeta” was established in 2011. Now it is established as the Joyeeta Foundation. Sonar Tory, Angona and Unmesh are established as sales and display centres to promote women entrepreneurs.<sup>134</sup>

Brac introduced Aarong through the Ayesha Abed Foundation in 1978 to create a linkage between rural producers and urban retailers. The foundation provides training

and employment to various skilled and unskilled artisans, enabling bigger markets for them to sell their crafts. There are 13 centres and 541 sub-centres spread across Bangladesh through the efforts of the foundation. Through the engagement and support provided to the artisans living in the distant areas from the urban hubs, the foundation enabled existing artisans to gather more artisans from the communities that were not reached by the foundation. There are over 800 independent producers with 30,000 rural artisans working under them to conduct fair trade with Aarong. Along with them, the support from the foundation has resulted in 320,000 direct and indirect beneficiaries.

<sup>131</sup> LightCastle Partners (2021). "Bangladesh Startup Ecosystem Report 2021". Retrieved from: <https://www.lightcastlebd.com/insights/2021/06/bangladesh-startup-ecosystem-report-2021>

<sup>132</sup> The Daily Star (2015). "Growth of e-commerce driven by youth". Retrieved from: <https://www.thedailystar.net/business/growth-e-commerce-driven-youth-144280>

<sup>133</sup> LightCastle Partners (2021). "Bangladesh Startup Ecosystem Report 2021". Retrieved from: <https://www.lightcastlebd.com/insights/2021/06/bangladesh-startup-ecosystem-report-2021>

<sup>134</sup> Government of Bangladesh. "Prime Minister Sheikh Hasina's Commitment – Gender Equality and Women-Empowerment". Retrieved from: [https://mowca.portal.gov.bd/sites/default/files/files/mowca.portal.gov.bd/publications/e3a8842d\\_ab43\\_42f8\\_91b1\\_2e18356cd888/Women%20Empowerment%20%20Flyer%20Final%20%2002102016.pdf](https://mowca.portal.gov.bd/sites/default/files/files/mowca.portal.gov.bd/publications/e3a8842d_ab43_42f8_91b1_2e18356cd888/Women%20Empowerment%20%20Flyer%20Final%20%2002102016.pdf)

**There are government-led commitments and programmes aimed at developing entrepreneurial skills to enable access to the market.**

The government bodies are working to devise skills development programmes for the agriculture, transportation, and power sector and are encouraging the participation of youth. Projects such as Entrepreneurship & Skill Development Project (ESDP) aims to support millions of young people to become successful entrepreneurs through training and mentorship programmes in sectors such as energy, healthcare, IT, infrastructure.<sup>135</sup>

The ICT division has developed the a2i initiative which works as a collaboration hub and aims to link industries, skills providers, and youth, monitor and mentor skills development initiatives, help youth enrol in skills development trades, and ensure e-Learning of TVET courses.<sup>136</sup> These programmes allow young people to acquire the skills necessary for entrepreneurship, which eventually enable them to the access local and international markets.

Ten years after of announcing the Digital Bangladesh Roadmap in 2008, pro-

grammes such as 'My Village, My City', 'Good Governance' and 'The Power of Youth' have been initiated by the government to train over 40,000 trainees across the country under projects such as 'Learning and Earning' by the ICT Division. Such initiatives facilitate the development of entrepreneurship and freelancing among young individuals in remote areas and provide new sources of income for them.

The government has also adopted a program to formally recognise 500,000 freelancers, and a database of freelancers has been formed by the ICT Department and the Bangladesh Freelancer Development Society. Additionally, the government is developing a marketplace for freelancers, which are similar to the international freelancing marketplaces such as Fiverr.com. A nationally established marketplace can enable public, private and international work for young freelancers, and bring further opportunities for their ventures.<sup>137</sup>

**There are incentives and provisions for easing access to international markets.**

One of the core objectives of the government is to reduce dependency on Ready Made Garment export and diversify on verticals, especially the \$5 Trillion ICT market. Currently Bangladesh exports roughly around \$1 Billion worth of ICT and ITeS services. In 2017, the government also granted a ten percent cash incentive to the ICT industry against their exports – a move to change the country's export scenario.<sup>138</sup>

<sup>135</sup> BIDA- ENTREPRENEURSHIP & SKILL DEVELOPMENT PROJECT (ESDP). Retrieved from: <https://esdp.gov.bd/project-overview/>

<sup>136</sup> a2i (2021). Retrieved from: <https://a2i.gov.bd/>

<sup>137</sup> Freelancers Bangladesh (2021). Retrieved from: <https://freelancers.gov.bd/>

<sup>138</sup> ICT Division (2021). Retrieved from: <https://ictd.gov.bd/>

## Disablers

### The supply chains and value chains are inefficient and complex in the agriculture sector.

There are significant inefficiencies in the market, especially in the agriculture sector, which includes market fragmentation, lengthy supply-chains, and lots of intermediaries. Shortages of manpower, lack of technology and cost of starting a business for medium and small youth entrepreneurs further draws complexity in the system. The supply chain is elongated through with many intermediaries in the production, aggregation, processing and distribution chains. The presence of many formal and informal intermediaries disrupts the quality of the products as they are altered in the packaging and transportation process. Moreover, producers receive little to no profits (7.0 percent to 29 percent of consumer price) due to

the backward linkages. Such inefficiencies make it difficult for entrepreneurs to enter the market in both social and economic/business perspectives.<sup>139</sup>

The supply chain management of the agriculture sector faces a multitude of issues such as dominance of marginal farmers/entrepreneurs, inadequate market infrastructure and absence of scale economies. To curb the inadequacies and crisis, authorities impose practices such as banning exports, and increased imports of agro supplies, ignoring the inefficiencies in the structures of the supply chains. This results in blockage in the market, cutting off access for small scale agro youth entrepreneurs.<sup>140</sup>

### Rural enterprise growth is hindered by inadequate logistics, access to sales and sourcing networks, and access to information.

Apart from financial difficulties, rural entrepreneurs face challenges in growing their businesses due to inadequate infrastructural facilities. These problems arise from the lack of logistics and mobility to transfer the products to bigger markets.

The access to sales among young entrepreneurs living in the rural areas are further constrained through competitions by the bigger companies who can afford large scale units and low-cost facilities, creating

difficulties for the smaller ventures. Exploiting middlemen pocket large amount of the profits leaving the entrepreneurs with little to no profits while taking the products to the bigger markets<sup>141</sup>.

<sup>139</sup> Bangladesh Journal of Public Administration (BJPA) (2019). "The Marketing System of Agricultural Products in Bangladesh & Financial Express- Fair prices for rice farmers: Simple idea but complex reality". Retrieved from: <http://bjpa.bpatc.org.bd/bjpa/index.php/bjpa/article/view/21>

<sup>140</sup> The Daily Star (2018). "Better managing our agricultural sector". Retrieved from: <https://www.thedailystar.net/supplements/30th-anniversary-supplements/news/revitalising-bangladeshs-agriculture-sector-2042629>

<sup>141</sup> Prospects and Challenges of Rural Entrepreneurship Development in NER-A Study (2014). Retrieved from: <http://citeseerx.ist.psu.edu/viewdoc/summary?doi=10.1.1.672.6817>

# 3.6

## Innovation and Technology

The emphasis on digitalisation has become one of the key priorities for businesses to adopt technology and innovate their business to stay relevant to the current business environment. This domain emphasises the entrepreneurs' level of technology adoption

and the barriers and enablers in terms of youth entrepreneurship. The Hex-Key Domain tests the following key hypothesis of the Innovation and Technology domain on entrepreneurs and ecosystem builders.

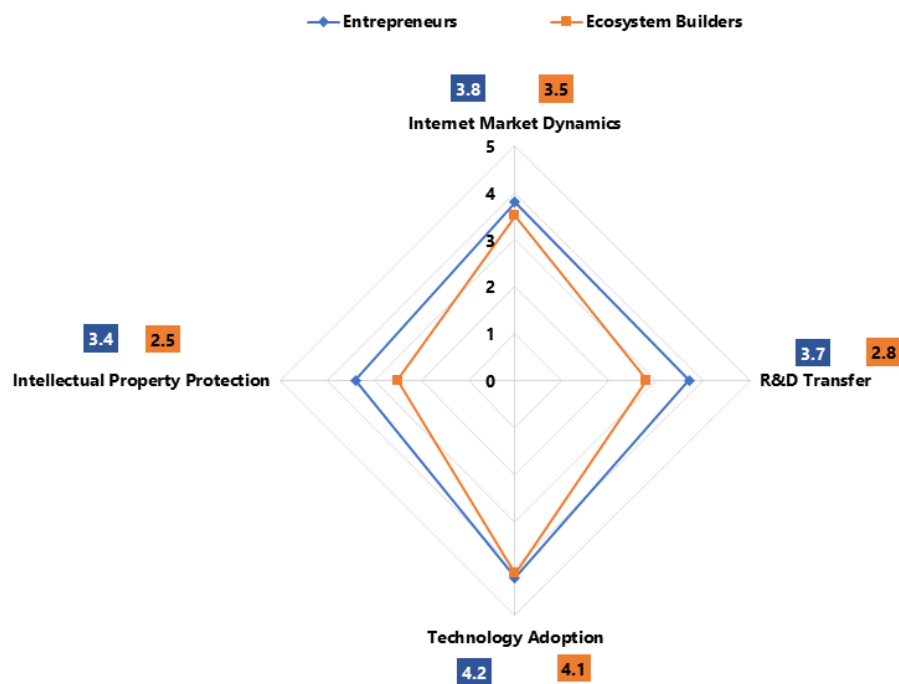
**Internet Market Dynamics:** Entrepreneurs are able to effectively leverage internet/online marketplaces

**Research and Development (R&D) Transfer:** There is high interest on research and development activities by the youth entrepreneurs

**Technology Adoption:** Business growth is increasingly being driven by technology adoption

**Intellectual Property Protection:** The laws and legal authorities are effective in protecting Intellectual property rights

**Figure 27:**  
Innovation and Technology Domain Confidence Index Score



Source: Hex-Key Entrepreneurship Confidence Index (n=173)

Entrepreneurs have allotted a total average score of 3.8 for this domain. The entrepreneurs moderately agree that the youth entrepreneurs are able to leverage the online marketplaces by rating the component a score of 3.8. Furthermore, by assigning a score of 4.2, entrepreneurs have agreed that business growth is increasingly being driven by technology adoption. A score of 3.7 on the level of transferring R&D into youth entrepreneurial activities indicates the agreement of its growth. The entrepreneurs have finally provided a score of 3.4 on the effectiveness in protecting Intellectual Property rights by the legal authorities, showing the need for improvement in the legal system.

The total average score provided by the ecosystem builders in the Innovation and Technology domain is 3.8. The ecosystem build-

ers have agreed that youth entrepreneurs are being able to leverage online marketplaces by giving a score of 3.5. Additionally, a score of 4.1 on the level of business growth being driven by technology adoption stipulates that the ecosystem builders are agreeing to the component. However, ecosystem builders have disagreed that the R&D facilities being transferred to youth entrepreneurial activities are adequate by rating it 2.8. The stakeholders have also disagreed that the level of protection on intellectual property rights is sufficient by assigning a score of 2.5.

The confidence score on the Innovation and Technology domain is 3.8, showing moderate confidence on this criterion by the entrepreneurs and ecosystem builders alike.

## Enablers

### Business growth is increasingly being driven by technology adoption.

Over the last two decades, mobile penetration has helped boost technology adoption in Bangladesh. As of 2021, the mobile penetration rate stands over 100 percent and the internet penetration rate is at 70 percent<sup>142</sup>. As the pandemic continues, entrepreneurs are increasingly leveraging technology in their businesses to sustain and stay relevant as well as develop new innovative solutions.

Apart from leveraging the internet to offer products and services online, the youth entrepreneurs are taking advantage of online platforms to dive into different sectors that have been traditionally operated offline. The pandemic and the lockdown have en-

abled a paradigm shift for services such as education, healthcare, entertainment, and financing, where new and existing businesses have emerged from the application of digital transformation.<sup>143</sup>

This sentiment has been reflected in the Confidence Index of entrepreneurs and ecosystem builders by an average score of 4, which suggests that they agree that entrepreneurs are effectively leveraging internet/online/e-commerce marketplaces and enabling growth of their businesses. Additionally, 60.6 percent of the entrepreneurs surveyed are using internet and online marketplaces to conduct their business activities.

<sup>142</sup> LightCastle Partners- Bangladesh Startup Ecosystem Report 2021-Retrieved from: <https://www.lightcastlebd.com/insights/2021/06/bangladesh-startup-ecosystem-report-2021>

<sup>143</sup> The Daily Star (2021). "Rise of digital economy: can Bangladesh take the lead?". Retrieved from: <https://www.thedailystar.net/business/news/rise-digital-economy-can-bangladesh-take-the-lead-2050749>



### The Government is supporting the development of enterprises that leverage technology

The Government of Bangladesh has emphasised on transforming to a digitally enabled Bangladesh by 2021. Policies such as the Youth Policy 2017 and National Education Policy 2018 have put significant priority on enabling technology and innovation in education and skills adoption.

The government has promoted the ICT sector to catalyse the growth for the country. Multiple government services are being digitised through the efforts of a2i project that have enabled rapid expansion of technologies in delivering services to the public. The ICT Division has introduced projects and initiatives such as Digital World, ICT Expo,

Connecting Startups Bangladesh, National Hackathon, Startup Bangladesh Limited to create awareness and transform the ideas of the entrepreneurs to reality.<sup>144</sup>

The ICT Division has also enabled facilities such as software parks with higher speed internet and trading facilities for the ICT backed enterprises. GoB collaborates with the software association of Bangladesh, BASSIS, to initiate programmes for IT backed enterprises and develop the policy framework for the ICT sector. Some of the policies include a seven-year tax holiday for registered IT companies, and VAT rebate for e-commerce marketplaces<sup>145</sup>.

### There is an increasing trend in technology adoption among consumers and businesses because COVID-19 and country wide lockdown.

Innovation and technology adoption in business and consumer culture is increasingly evident and people are becoming more acceptive of it. This is especially the case with the internet, mobile apps, and digital transformation in general. There are also those who resist this sort of innovation, but that proportion decreases as success cases and benefits increase as suggested by the ecosystem builders interviewed for the study<sup>146</sup>.

The COVID-19 pandemic has brought

many changes in the business landscape, and the trend in incorporating technology in enterprises has increased significantly. For instance, the online grocery startup Chaldal has seen an increase in sales from pre-COVID-19 orders of about 2,000 to 5,000 during the pandemic<sup>147</sup>.

Entrepreneurs are coming up with new technology and new business models innovating how businesses are being conducted in Bangladesh. Following the trend across the globe, entrepreneurs are coming along

<sup>144</sup> ICT Division (2019). "E- government master plan for digital Bangladesh". Retrieved from: [https://bcc.portal.gov.bd/sites/default/files/files/bcc.portal.gov.bd/publications/3f9cd471\\_9905\\_4122\\_96ee\\_ced02b7598a9/2020-05-24-15-54-43f3d2b8b4523b5b62157b069302c4db.pdf](https://bcc.portal.gov.bd/sites/default/files/files/bcc.portal.gov.bd/publications/3f9cd471_9905_4122_96ee_ced02b7598a9/2020-05-24-15-54-43f3d2b8b4523b5b62157b069302c4db.pdf)

<sup>145</sup> The Daily Star (2017). "ICT opens up new prospects for Bangladesh". Retrieved from: <https://www.thedailystar.net/drivers-economy/ict-opens-new-prospects-bangladesh-1364893>

<sup>146</sup> LightCastle Primary Analytics (2021). Interviews with Key Ecosystem Stakeholders, (N=26)

<sup>147</sup> The Financial Express (2020). "Digital Bangladesh: Running the economy during COVID-19 pandemic". Retrieved from: <https://thefinancialexpress.com.bd/public/views/digital-bangladesh-running-the-economy-during-covid-19-pandemic-1598974734>



with new technology to aid remote learning and changes to the virtual education ecosystem to tackle the academic shutdown. Business automation, and customer relationship management are becoming as

light as to be run in low-level smartphones, that will allow much smaller SMEs and entrepreneurs to manage their business with ease.

### Startup-led digital platforms are helping small-scale SME entrepreneurs to grow.

Startups such as Sheba, Tallykhata, ShopUp are facilitating small businesses including youth entrepreneurs through technology by building and growing these businesses. By helping these small-scale entrepreneurs market their products, get financing, and manage their businesses by using technology, such startups provide the small-scale businesses more opportunities for growth.

Sheba Platform Limited is a technology-backed online platform, which plays the role of a catalyst, enabling access to finance (in terms of loans and financial literacy) and access to market (by providing an online marketplace and e-commerce platform) to the micro and small entrepreneurs. So far, the platform has empowered more than

one million businesses, including youth enterprises, and has provided better access to market for them through technological solutions.

Tallykhata is an online bookkeeping platform, which allows small businesses to manage their business record in an effective and easy manner. The platform has catered to more than 3.5 million small businesses across the country.

ShopUp is a commerce platform which uses technology to help businesses with providing B2B sourcing, financing, and last-mile logistic services. The platform serves more than 500,000 small businesses, providing access to over 10,000 products.

## Disablers

### The current infrastructure is not adequate and strong enough to promote local innovation (internet, education, R&D).

The stakeholders interviewed have reported that there is an inadequate number of homegrown technologies to meet demand. Although larger businesses are adopting technology using foreign enterprise solutions, local companies are yet to develop these solutions adequately because of concerns relating to privacy and security issues.

The discrepancy is largely happening because of inadequacies in the existing infrastructure such as the absence of an uninterrupted power supply, quality and reasonable internet services and easy payment systems for receiving foreign payments<sup>148</sup>.

In addition, universities and educational institutes are not sufficiently conducive to adopting technological solutions in their courses, which is causing a deficit in building an innovative mindset for students<sup>149</sup>. Stakeholders have further stated that the lack of research and development activities available for the youth have slowed their growth to innovate further.

Reflecting on this, ecosystem builders have given an average confidence score of 2.8, indicating they do not agree with the statement that the existing research and development facilities and activities are adequate to be transferable to entrepreneurial activities.

### Insufficient and unequal access to internet and internet-enabled technologies in rural areas.

The availability and quality of the internet are inconsistent, especially in rural areas, which hinders technology adoption as the young population cannot fully leverage the internet and its capabilities for education and entrepreneurial purposes<sup>150</sup>. Despite having broadband connections, freelancers and entrepreneurs in rural areas have to bear higher expenses for a faster broadband connection as most of these broadbands are too slow to support their line of work<sup>151</sup>.

A 2020 study by South Asian Network of Economic Modelers (SANEM) and Action-Aid Bangladesh on the policy, demand, and state of technology in Bangladesh revealed that only ten percent of women between

the ages of 15-29 years use the internet in rural areas, whereas the rate is twenty percent in urban areas. The study also mentions that eighty percent of male youths in rural and urban areas own mobiles, while the number for young women is only forty percent, indicating a discrepancy in access to internet enabled technologies<sup>152</sup>.

To further understand the inequalities of internet access among men and women in rural areas, the survey of the youth entrepreneurs for this study has revealed that the entrepreneurs disagree to the statement that there is equal access to internet in rural and urban areas by giving an average score of 2.5<sup>153</sup>.

### There is insufficient protection of intellectual property and innovative ideas.

To ensure proper outcome of enterprises brainwork, time and investment, high-tech enterprises require Intellectual Property (IP)

registration so that their fruits are not taken away by competitors. Further, IP creates economic value for a business and adds up

<sup>149</sup> LightCastle Partners (2020). "Digitalisation of the education system – why hasn't Bangladesh achieved it yet?" Retrieved from: <https://dataabd.co/stories/digitalization-of-the-education-system-why-hasnt-bangladesh-achieved-it-yet-11896>

<sup>150</sup> LightCastle Primary Analytics (2021). Interviews with Key Ecosystem Stakeholders, (N=26)

<sup>151</sup> World Economic Forum (2019). "How the digital economy is shaping a new Bangladesh". Retrieved from: <https://www.weforum.org/agenda/2019/06/how-the-digital-economy-is-shaping-a-new-bangladesh/>

<sup>152</sup> SANEM and ActionAid Bangladesh (2020). Dynamics of gender and youth inclusiveness in technology in Bangladesh. Retrieved from: <https://sanemnet.org/sanem-netizen-forum-on-covid-19-pandemic-2-june-2020-2/>

<sup>153</sup> LightCastle Primary Analytics (2021). Youth Entrepreneurship Survey, (N=147)

to its existing assets. Finally, enterprises can gain competitive advantage through IP in terms of usefulness, attraction, and market superiority. IP can also be used as collateral to secure an enterprise's loan, but banks do not recognise the value of IP to serve as collateral most of the time.

Due to a lack of knowledge regarding IP Protection, several small business owners fail to earn their rightful revenue. Many of the entrepreneurs are not aware of Intellectual Property Rights (IPRs) or patent laws, and as the internet-based e-commerce and f-commerce enterprises grow, numerous cases have emerged where the proprietors find other businesses duplicating their contents, logos, products, photographs, business ideas<sup>154</sup>.

IP also faces several challenges for ensuring its proper protection in Bangladesh. Currently, there is no framework legislation for supporting innovations and technology transfers. There are ambiguities hindering the IP implementation in the existing legislation. Further, there is no specialised court to deal with IP matters, which is necessary considering the complexities of IP.

The entrepreneurs surveyed in the study gave an average score of 3.4, and a score of 2.5 was achieved from the ecosystem builders on the effectiveness of the laws and legal framework on intellectual property rights. It can be deduced from the scores that entrepreneurs are not fully aware of IPRs and ecosystem builders have a similar sentiment, indicating that the conditions of IPR needs further improvement<sup>155</sup>.



<sup>154</sup> The Financial Express (2021). "Intellectual Property Right needs to be protected". Retrieved from: <https://thefinancialexpress.com.bd/views/intellectual-property-right-needs-to-be-protected-1615126260>

<sup>155</sup> LightCastle Primary Analytics (2021). Youth Entrepreneurship Survey, (N=147) & Interviews with Key Ecosystem Stakeholders (N= 26)





# 04

## Stakeholder Mapping and Sectoral Analysis

### 4.1

Mapping of the Stakeholders Supporting the Ecosystem

### 4.2

Sectors with High Potential for Youth Entrepreneurship

#### 4.2.1

Agriculture

#### 4.2.2

Education

#### 4.2.3

Healthcare

#### 4.2.4

Financial Services

#### 4.2.5

Information Communications Technology (ICT)

# 4.1

## Mapping of the Stakeholders Supporting the Ecosystem

Ecosystem mapping is a useful tool that can be used to visualise the entrepreneurship ecosystem and understand the roles of different ecosystem stakeholders and connections between them.<sup>156</sup> The Live Ecosystem Map developed as part of this study provides an overview of the supporting stakeholder and their connections with the different enterprises in Bangladesh. The live map can be accessed through this link: <https://www.lightcastlebd.com/bangladesh-entrepreneurship-landscape>.

The mapping conducted as part of this study divided the ecosystem players into the following categories:

- ◆ Academia and Universities
- ◆ Accelerators and Incubators
- ◆ Associations
- ◆ Auxiliary Support (Consulting and Advisory, Support)
- ◆ Competitions
- ◆ Donors and Development Partners
- ◆ Investors and Angel Networks Government Initiatives (GoB Based)
- ◆ Private Sector and Associations







## Case Studies from Each Ecosystem Support Sector:

### Investors

**Startup Bangladesh Limited:** Startup Bangladesh Limited is the flagship venture capital fund of ICT Ministry of Bangladesh. Under the visionary guidance of Honorable Prime Minister Sheikh Hasina, Startup Bangladesh Limited is the first and only venture capital fund sponsored by the government of the People's Republic of Bangladesh with an allocated capital of USD 65 Mn (BDT 500 crores). The company is committed to developing Bangladesh's venture capital ecosystem by providing support to early-stage tech-based companies in the form of capital, financial guidance, and operational guidance to create new employment opportunities, promote under-represented tech groups, foster entrepreneurship culture and bring transformational changes to lives of millions.

The company launched its flagship initiative called "Shotoborshe, Shoto Asha" to invest in BDT 100 Crores in 50 startups by 2021.

**Bangladesh Angels:** Bangladesh Angels is the country's first angel investing platform, founded with a mission to elevate the country's startup entrepreneurs to the highest level. It is a collaborative endeavour to bring together the leaders in the local entrepreneurial ecosystem and global partners who share a passion for creating value and growth for the startups. Till now, the platform has provided funds of almost \$2.2 Million to more than 21 startups many of which were founded by young people.

### Accelerators and Incubators

**Grameenphone Accelerator:** Grameenphone Accelerator is the first-ever full-fledged Accelerator that empowers tech startups with the resources needed to ideate, build and grow. It also provides equity-free grants, expert mentorship, top-notch curricula, in-house development resources, co-working space, and investor access. Since 2015, the incubator has launched over 44 startups from six batches.

This year GPA will go nationwide for outreach and regional Design Thinking Bootcamps. Besides, an online content platform is in progress to exercise innovation without any cost.

**BYLC Ventures:** BYLC Ventures incubates early-stage youth-led enterprises with promising founders from all over the country. The incubator provides funding of \$10,000 to the entrepreneurs. The mentors also hone the entrepreneur's leadership capabilities, strengthen their business acumen and help validate their big ideas as they transition into investable businesses. Starting from 2019, they have mentored over 1,000 young entrepreneurs and helped and funded more than ten startups.



## Private Sector Associations

**BD Startup Founders:** BD Startup Founders is a hub of over two hundred notable founders/entrepreneurs in the startup ecosystem of Bangladesh that shares and disseminates industry knowledge to mass entrepreneurs. Almost 95 percent of the members are between the age of 25 to 40, which shows the youth representation towards startups and innovation in Bangladesh.

**Robi:** Robi is the second-largest telecom in Bangladesh, with over 50 million subscribers. With the tagline "Rise by your strength," Robi is an avid promoter of entrepreneurship and digital adoption. Keeping that in mind, the company has formed R-Ventures, a "Shark Tank" type reality show where entrepreneurs pitch to investors on live television. Robi, through the platform, has invested in 5 youth startups for over \$500K. In 2021, RedDot Digital, a wholly owned ICT-focused subsidiary of Robi Axiata Ltd, unveiled a private equity fund worth \$2 Million named R-Ventures to promote digital entrepreneurship in the country.

## Government Initiatives

**Bangabandhu Innovation Grant:** The Information and Communication Technology (ICT) Division has launched an event titled "Bangabandhu Innovation Grant 2020 (BIG)", marking the birth centenary of Father of the Nation Bangabandhu Sheikh Mujibur Rahman. More than 7,000 startups and innovators from 56 countries, including Bangladesh, have participated in the contest. In Total, 36 startups will receive \$12,000 each, and one champion startup will receive \$100,000.

**Bangladesh Development Authority (BIDA):** BIDA introduced an investment project named Entrepreneurship & Skill Development Project (ESDP) based on Job Creation instead of Job Seeking. ESDP aims to create skilled entrepreneurs for supplier and linkage development industries providing training to potential young people on the regulatory regime and business procedure to contribute to the Sustainable Development Goal 8 (decent work and economic growth) and to reach the target of private investment (34 percent of GDP). The project was implemented in 64 districts to train 24,000 youth entrepreneurs.

## Development Partners

**Islamic Development Bank:** In 2018, the Islamic Development Bank (IsDB) opened its regional hub in Dhaka, Bangladesh, as part of its continued commitment to support sustainable socio-economic development in the region. IsDB facilitates numerous projects in the country, spanning agriculture, education, energy, industry and mining, transport, water, sanitation, urban services and enhancing the capacity of the country's public and private institutions. Among the IsDB's 57 member countries, Bangladesh is the largest beneficiary of financing. To date, IsDB Group's total financing for the country is more than \$21.7 billion.

**Youth Co:Lab:** Co-created in 2017 by UNDP and the Citi Foundation, Youth Co:Lab aims to establish a common agenda for Asia-Pacific countries to invest in and empower youth to accelerate implementation of the SDGs through leadership, social innovation and entrepreneurship. Over the last four years, Youth Co:Lab has been implemented in 25 countries and territories in Asia and the Pacific. The national dialogues, regional summits and social innovation challenges have reached over 75,000 participants. The initiative has benefitted over 8,000 young social entrepreneurs and helped to launch or improve over 1,000 youth-led social enterprises. Youth Co:Lab has also established partnerships with 192 key ecosystem players through a Youth Empowerment Alliance.

## Academia and Universities

**Daffodil International University (DIU):** Founded by a prominent entrepreneur, Mr. Sabur Khan, Daffodil International University believes that the unemployment rate can be reduced, and overall economic development of the country can be achieved by creating a higher education system which delivers the required entrepreneurial knowledge to aspiring young entrepreneurs. The university established the Department of Innovation and Entrepreneurship under the Faculty of Business and Entrepreneurship and introduced the pioneering four-year Bachelor of Entrepreneurship program in Bangladesh. It also has its student incubator, "Daffodil Business Incubator," along with its venture capital wing, "Bangladesh Venture Capital Limited."

## Auxiliary Support

**Youth Opportunities:** Youth Opportunities is the largest opportunity discovery platform for youth across the world. Millions of youths have trusted Youth Opportunities as the most effective platform to find the latest opportunities for free and avail important educational content for continued self-development.



**Future Startup:** Future Startup is a Dhaka-based digital platform that publishes original and deeply reported insight, analysis, and inspiration about the business, technology, and entrepreneurship in Bangladesh. They research the entrepreneurship and technology scene and provide insights into interesting entrepreneurs, companies, verticals, topics, and trends. Their work enables entrepreneurship by giving people access to knowledge, connections, and tools and helps startups/businesses grow by helping them to reach out to customers, investors, and stakeholders.

## Competitions

**She Loves Tech:** She Loves Tech, a Beijing-based startup competition focused on women and technology, has been held regularly in Bangladesh for the last three years. The events are usually sponsored by the ICT Division and Startup Bangladesh Limited, motivating young women entrepreneurs to make a positive impact with innovative solutions.

**HULT Prize:** International business idea competition Hult Prize is one of Bangladesh's most popular student-based competitions. It has provided extensive support and training to more than 2.1 million students worldwide to cultivate their leadership and innovative thinking. In Bangladesh, more than ten universities participate in the competition every year, motivating over 1,000 teams with budding youth entrepreneurs to take part with their creative ideas.

# 4.2

## Sectors with High Potential for Youth Entrepreneurship

It is eminent for the government to invest in new sectors that create new entrepreneurship and employment opportunities for young people. Through the primary research of this study, the stakeholders interviewed provided insights into sectors that have the potential for the youth and especially youth-led startups and social enterprises, to leverage their talents and bring about innovative changes. Based on primary and secondary research, the sectors with high potential include Agriculture/Agri-Tech, Education (EdTech), Healthcare (Health-Tech), Financial Services (Fintech), ICT outsourcing, and others (infrastructure, sustainable and ethical businesses, leather, power, innovation, SaaS, tourism, and light engineering).

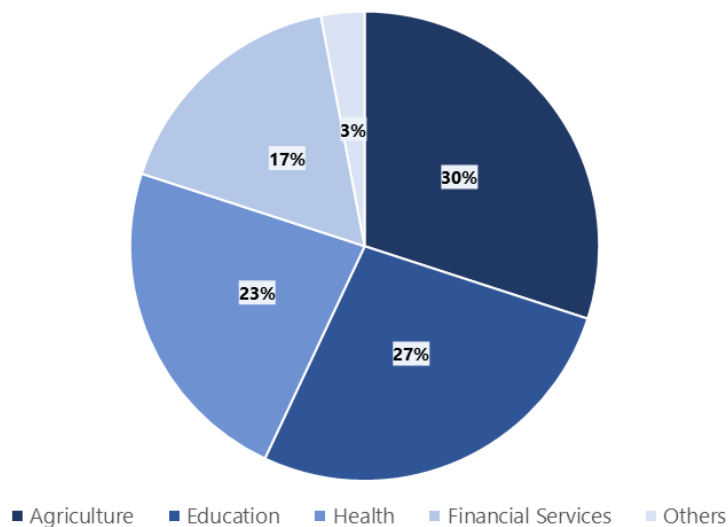
Although the sample is not nationally representative, quantitative data received

through the Key Informant Interviews of this study provides insights into the sentiments of different ecosystem stakeholders on the sectors that have high potential to provide opportunities for youth, especially for startups and social enterprises. Based on the stakeholder interviews, agriculture (or Agri-Tech) is the sector with the highest potential for youth entrepreneurship. It is to note that these results of the primary study focused mostly on opportunities for youth-led startups and social enterprises as opposed to opportunities for youth entrepreneurship more broadly (encompassing MSMEs and cottage enterprises or informal and necessity based entrepreneurship in sectors such as wholesale and retail trade).

The interview results are presented in figure 28.

**Figure 28:** Sectors With the High Potential of Youth Entrepreneurship in Bangladesh

Source: Primary Analytics – Interviews with Key Ecosystem Stakeholders, (N=26)





## Youth Entrepreneurship in Ready Made Garment Sector

Out of many sectors that contributed to the prosperity of the country's economy, Ready Made Garment (RMG) sector stood at the top and it currently boasts 83 percent of the country's exports<sup>157</sup>. As of 2020, the sector currently employs 4.2 million people in Bangladesh<sup>158</sup>. The sector has grown quite rapidly through the modernisation of facilities over the last fifty years<sup>159</sup>.

However, what got Bangladesh here in the last fifty years, will not take it forward. The sector faces adverse situations due to factors such as slower growth of export (approximately 1.6 percent growth from 2015 to 2020)<sup>160</sup>, down prices in the international markets, the ongoing discrepancies caused by the pandemic, rising production cost and increasing labour price.

This lowers the advent of new young entrepreneurs in the sector. Moreover, young entrepreneurs, especially the children of senior business practitioners are being averse to enter the sector as high competition with-

in the local and international markets (such as Viet Nam and Africa) slows down profit generation. The lack of training institutes and business establishing facilities further provides barriers for young entrepreneurs to dive into the sector.<sup>161</sup>

The fourth industrial revolution is further going to incorporate technological solutions in the production processes through robotics, machine learning, automation, and artificial intelligence. Although the automation of processes will bring opportunities for young people, there is a high probability that many of the unskilled and semi-skilled youth will become jobless as robots and automation will replace sixty percent of garment workers (5.38 million) by 2030<sup>162</sup>. As most of the young labour force are unskilled in the RMG sector, will be challenging to transfer youth from garments and textiles to other sectors. Therefore, the advancements in technology would bring fewer employment and entrepreneurship opportunities for the youths working in the RMG sector.<sup>163</sup>

<sup>157</sup> BGMEA- About the Garment Industry of Bangladesh- Retrieved from: <https://www.bgmea.com.bd/page/AboutGarmentsIndustry>

<sup>158</sup> Asian Center for Development- A Survey Report on the Garment Workers of Bangladesh 2020- Retrieved from: [https://www.researchgate.net/publication/350156796\\_A\\_Survey\\_Report\\_on\\_the\\_Garment\\_Workers\\_of\\_Bangladesh\\_2020](https://www.researchgate.net/publication/350156796_A_Survey_Report_on_the_Garment_Workers_of_Bangladesh_2020)

<sup>159</sup> McKinsey & Company (2021). What's next for Bangladesh's garment industry, after a decade of growth? Retrieved from: <https://www.mckinsey.com/industries/retail/our-insights/whats-next-for-bangladeshs-garment-industry-after-a-decade-of-growth>

<sup>160</sup> BGMEA Export Performance. Retrieved from: <https://www.bgmea.com.bd/export-performances/4>

<sup>161</sup> RMG Bangladesh. RMG facing new entrepreneur crisis (2018). Retrieved from: <https://rmgbd.net/2018/03/rmg-facing-new-entrepreneur-crisis/>

<sup>162</sup> ILO & ADB (2016). Bangladesh looking beyond garments: employment diagnostic study- Retrieved from: <https://www.adb.org/sites/default/files/publication/190589/ban-beyond-garments-eds.pdf>

<sup>163</sup> The Daily Star (2019). Automation: A threat for RMG workers or an opportunity for the sector as a whole? Retrieved from: <https://www.thedailystar.net/star-weekend/news/automation-threat-rmg-workers-or-opportunity-the-sector-whole-1814956>

## 4.2.1 | Agriculture

Bangladesh has an inherent advantage in agricultural production, with its highly fertile deltaic lands. The agriculture sector contributes to 13 percent of Bangladesh's GDP and employs around 39 percent of the workforce. Beyond the existing advantages, there is potential to amplify the strengths of the sector through greater mechanisation, automation, and adaptation of climate-smart agricultural technologies<sup>164</sup>.

Around two-third of rural Bangladesh is dependent on the agricultural economy and 25 percent of the gross national product is derived from this sector as of 2010. Despite the benefits generated from the production of high value crops and horticulture, most of the agricultural lands are used for rice production as farmers lack the access to proper information on the market and agricultural products and facilities<sup>165</sup>.

The global agricultural value chain processes in Bangladesh are still developing, and establishment of value chain enterprises can bridge the gap between producers and consumers in the local and global markets. Although there are established facilities by the government to train and provide information to the farmers, the production within the sector needs significant improvements. The minimal access to farming-information and agriculture extension services restricts farmers' abilities to devel-

op their production capacities and business processes. Farmers face difficulties in generating growth in farming as they stick to the traditional cultivation practices that generate little to no growth.

The poor transportation facilities, poorly maintained infrastructures and logistics and unavailability of modern equipment and machinery create further constraints for producers to access the better markets. For the ease of selling their products, farmers resort to intermediaries, wholesalers and money lenders who define the prices and conditions of sale. These middlemen have a complex network of informants and have better connections with the market forces. The syndicated prices and conditions broaden the gaps between the producers and the final consumers and make it challenging for the producers to sell their products at fair prices and access local and global value chains.<sup>166</sup>

According to UN DESA, it is estimated that 68 percent of the world population will migrate to urban areas by 2050, meaning that seven out of every ten people will live in a city.<sup>167</sup> The increasing middle and affluent class (MAC) population (ten percent per annum<sup>168</sup>) in urban areas and the decreasing population in rural regions may eventually lower the participation of youth in agricultural businesses and activities. Furthermore,

<sup>164</sup> LightCastle Partners (2021). "The Netherlands – Bangladesh 'Mapping the Ground @ 50 Stitching Partnerships' Report." Retrieved from: <https://www.lightcastlebd.com/insights/2021/01/the-netherlands-bangladesh-mapping-the-ground-50-stitching-partnerships-report>

<sup>165</sup> Bangladesh Bureau of Statistics

<sup>166</sup> CARE Bangladesh (2011). Practical Action, 2010; IDE, 2011. Retrieved from: <https://www.ide.go.jp/English/Publish/Reports/Dp/index2011.html>

<sup>167</sup> UN Department of Economic and Social Affairs. 2018 Revision of World Urbanization Prospects- Retrieved From: <https://population.un.org/wup/>

there are six public and one private agricultural science universities in Bangladesh. However, most graduates are inclined towards public or service sector jobs instead of pursuing ventures in agriculture.

The number of people employed in agriculture sector has declined in the last ten years. At the same time, the youth unemployment rate has increased. Supporting youth involvement in agricultural businesses can create employment opportunities among young people and contribute to sustaining the production and mechanisation and automation of the sector.

Youth can be engaged in the different parts of the value chain to make agriculture fair, accessible, efficient and affordable for the producers and consumers alike. Young people can contribute to the development of the sector through proper management of crop selection; crop production; controlling intermediaries; supply chain efficiencies; integration of technology; processing goods to produce more gains and developing fair trade.<sup>169</sup>

Youth entrepreneurs can adopt unconventional and modern farming techniques, such as horticultural techniques and organic farming that generate high-value crops. According to IFOAM Organics International, organic farming currently covers only 0.177 million hectares (two percent) of the

total cultivable land in Bangladesh. Further youth engagement can increase the scope of modern farming techniques and tap into the export market catering to the high global demand.<sup>170</sup>

With the ICT movement and digital transformation in action, youth participation in this sector has a potential to transform it to sustainable models with higher investments, build viable agricultural new service models, develop product innovations, implement targeted campaigns<sup>171</sup>, and develop robust data and analytics value chains<sup>172</sup>.

Businesses are incorporating technology in agriculture, and applications such as Digital Thikana, Krishaker Janala, Agriculture Information Service, BARI app, Mrittika have emerged into the agriculture market to enable better opportunities for the sector. Additionally, many youth-led startups such as iFarmer, Joikko, Khamar-e, iPAGE are actively incorporating tech-based solutions in the agriculture sector.

ICT graduates can take inspiration from these businesses to introduce different apps and hardware leveraging mechanical and Internet of Things (IOT) based farming solutions such as tools to analyse the market demand based on region, season and weather<sup>173</sup>, and online marketplaces to connect farmers to the consumers with minimal logistics and supply chains.

<sup>168</sup> LightCastle Partners- Bangladesh Startup Ecosystem Report 2021-Retrieved from: <https://www.lightcastlebd.com/insights/2021/06/bangladesh-startup-ecosystem-report-2021>

<sup>169</sup> The Financial Express (2020). "Youth engagement in agriculture in Bangladesh". Retrieved from: <https://thefinancialexpress.com.bd/views/youth-engagement-in-agriculture-in-bangladesh-1598632102>

<sup>170</sup> IFOAM. Retrieved from: <https://www.ifoam.bio/>

<sup>171</sup> The Financial Express (2020). "Youth engagement in agriculture in Bangladesh". Retrieved from: <https://thefinancialexpress.com.bd/views/youth-engagement-in-agriculture-in-bangladesh-1598632102>

<sup>172</sup> LightCastle Partners (2020). "AgroTech in Bangladesh: How Technology is Disrupting Traditional Agriculture Practices." Retrieved from: <https://www.lightcastlebd.com/insights/2020/09/agrotech-in-bangladesh-how-technology-is-disrupting-traditional-agriculture-practices-part-i>

<sup>173</sup> The Financial Express (2020). "Youth engagement in agriculture in Bangladesh". Retrieved from: <https://thefinancialexpress.com.bd/views/youth-engagement-in-agriculture-in-bangladesh-1598632102>

## Youth-led solutions: Case Study 1



**Khamar-e:** Bringing change in agriculture farming through data-driven aggregator modality

Khamar-e was formed by four young entrepreneurs fresh out of engineering school in 2020. Funded by Robi, the second largest telecom company in Bangladesh and a group of US-based angel investors, Khamar-e is an Agri-Tech startup working towards a data-driven farming and supply chain ecosystem in Bangladesh and is building an aggregator platform (online and offline) that facilitates sales contract for farmers, supervised farming and access to direct-to-consumer sales.

### Notable Achievements and Solutions:

1. Khamar-e has established two hubs for daily milk collection | per day milk circulation is more than 300L per day as of now
2. Engaged over 350 rural cattle farmers on their online platform which sold more than a hundred cattle in 2020 & 2021, Qurbani Eid, during the COVID-19 lockdown
3. In 2021, introduced a pre-buy model for farmers & slaughtering service, shared Qurbani and donation services to the consumer level
4. Applied pre-buy model to rural agri-entrepreneurs and sold over 4,000 kg mango through Khamar-e's digital supply chain

## 4.2.2 | Education

Education is recognised as a primary sector by the government of Bangladesh as it is the key to achieving economic development through skills and capacity building of the young population. Three separate education bodies co-exist in the Bangladeshi education system: secular education system carried over from the colonial past, religious education system and British based education system<sup>174</sup>.

The Education sector has been strongly supported by the donor community, and

higher priority has been given to increasing primary education among the rural areas and enabling access to education for girls. The donor community includes the European Union countries, and multilateral institutions like Asian Development Bank, and World Bank and UNICEF, who support the system through funding and redefining the orientation of the sector<sup>175</sup>.

This sector is primarily funded by the government, and the budget allocation for the education sector for FY 2020-2021 includes

<sup>174</sup> Open to Export. "Education Sector in Bangladesh". Retrieved from: <https://opentoexport.com/article/education-sector-in-bangladesh-1/>

<sup>175</sup> Open to Export. "Education Sector in Bangladesh". Retrieved from: <https://opentoexport.com/article/education-sector-in-bangladesh-1/>

Tk 61,118 (\$117,552), which is about 11.7 percent of the total budget and occupies 2.1 percent of the GDP of Bangladesh<sup>176</sup>.

With the lockdown and increasing severity of COVID-19, the country's educational system started to apply Educational Technology, EdTech, which brought on opportunities for youth-led EdTech startups such as Upskill, 10 Minute School, Bohubrihi, Thrive, Durbin Academy, Shikho, Eduhive to provide e-learning opportunities for the young population<sup>177</sup>.

Young people can be inspired by these existing startups and leverage technology to introduce further advancements such as synchronous and asynchronous learning, linear learning, computer-based training (CBT) and collaborative learning in the education system.

Furthermore, gender parity and the successful implementation of programmes that aim to enhance quality of the education sector can inspire young graduates to participate in improving the sector through innovative entrepreneurial activities.

The changes in the education system through online education and the advent of EdTech will be a major paradigm shift, enabling young people to apply their capacities and build educational enterprises<sup>178</sup>.

Despite the opportunities, challenges inherent in the existing education system, such as high dropout rates and insufficient quality of education infrastructure may hinder the opportunities to establish enterprises within the educational sector.

## Youth-led solutions: Case Study 2



**10 Minute School:** The largest Online EdTech Platform in Bangladesh

10 Minute School is an EdTech youth-led startup based in Bangladesh with the largest volume of content, user base and social subscribers. 10 Minute School provides academic live classes, video tutorials, smartbooks, infographics, and quizzes on a free-mium basis across Bangladesh with their mobile app and website.

### Notable Achievements and Solutions:

1. The platform has the largest collection of free academic content (more than 25,000 video contents; more than 85,000 Quizzes, over 1,250 smartbooks, and more than 3,000 live classes)
2. Over 2.7 million users are registered on their platform and over 13 million people follow the produced content through social media

<sup>176</sup> The Daily Star (2020). "Budget for coronavirus-battered education sector unchanged". Retrieved from: <https://www.thedailystar.net/bangladesh-budget-2020-21-for-education-sector-unchanged-1912649>

<sup>177</sup> The Financial Express (2020). "EdTech: Personalising learning is key to success". Retrieved from: <https://thefinancialexpress.com.bd/views/edtech-personalising-learning-is-key-to-success-1607080278>

<sup>178</sup> LightCastle Primary Analytics (2021). Interviews with Key Ecosystem Stakeholders, (N=26)

## 4.2.3 | Healthcare

Healthcare is perceived as one of the most promising sectors for Bangladesh. The budget allocated for this sector is \$3.4 Billion and this is 5.14 percent of the total FY21 budget, which contributes to less than one percent of the national GDP<sup>179</sup>.

The sector faces challenges related to human resources such as shortage of staff, under performance, difficulty in rural retention, lack of accountability and skill-mix imbalance to meet the ever-growing demand for healthcare. Challenges existing in the implementation of the health care policies have further created a shortfall in governance and management of the sector. Ensuring clarity and accountability has thus become a challenge, especially in the highly centralised public health sector<sup>180</sup>.

With the ongoing pandemic and the ever-growing need for standard healthcare, the introduction of technology in healthcare can bridge the gap existing in this sector and support the healthcare providers to overcome the inadequacies with technology.<sup>181</sup> Implementation of policies in the Human Resources for Health (HRH) have resulted in an increase in the number of healthcare graduates along with more training facilities

for young health workers in the rural and urban areas<sup>182</sup>. The opportunities deriving from the improved policy implementation along with increasing number of healthcare and ICT graduates can open avenues for youth entrepreneurial activities within the sector.

Health-tech services such as telemedicine (Jeeon), appointment scheduling (Doctor Ola), preventive healthcare system (Rx71, CMED), pharmacy delivery (BhaloThakun, Pharma71), mental and female health (Maya), and comprehensive health service (Tonic by Telenor Health), have been active during the COVID-19 crisis, and is replacing conventional medical practices with innovation for inclusiveness<sup>183</sup>.

Such examples can inspire other young people and enhance the sector further through innovative business models for healthcare. Young entrepreneurs can integrate technological solutions into service delivery to maximise full potential and efficiency of the sector. Furthermore, youth can leverage concepts such as Big Data to help governing bodies make better, more effective and data-driven decisions and solutions for the sector.<sup>184</sup>

<sup>179</sup> World Bank Blogs (2020). "A case for building a stronger health care system in Bangladesh". Retrieved from: <https://blogs.worldbank.org/endpovertyinsouthasia/case-building-stronger-health-care-system-bangladesh>

<sup>180</sup> Taufique Joarder, Tahrim Z. Chaudhury, Ishtiaq Mannan (2019). "Universal Health Coverage in Bangladesh: Activities, Challenges, and Suggestions". Retrieved from: <https://www.hindawi.com/journals/aph/2019/4954095/19>

<sup>181</sup> LightCastle Partners. "Bangladesh Business Confidence Index-2019-20". Retrieved from: <https://www.lightcastlebd.com/insights/2020/07/lightcastle-business-confidence-index-2019-20>

<sup>182</sup> World Health Organization. Retrieved from: <https://www.who.int/>

<sup>183</sup> The Daily Star (2020). "Three key areas where Bangladeshi startups are transforming digitally". Retrieved from: <https://www.thedailystar.net/bytes/news/how-key-bangladeshi-industries-are-adapting-the-digital-transformation-1959189>

<sup>184</sup> LightCastle Partners. "Bangladesh Business Confidence Index-2019-20". Retrieved from: <https://www.lightcastlebd.com/insights/2020/07/lightcastle-business-confidence-index-2019-20>



### Youth-led solutions: Case Study 3



**Safewheel:** Providing affordable ambulance and doorstep medical service to the rural people of Bangladesh

Safewheel provides easy access to medicines, diagnostic tests and emergency medical transportation. It has partner pharmacies and diagnostic centers from where patients can get tests booked and medicines delivered at their doorstep. Safewheel has in house ambulances that villagers can use at affordable cost.

Founded by three young entrepreneurs, the platform is turning local three-wheelers into easily accessible ambulances, especially for underprivileged communities, with the tagline “Moving Wheels, Saving Lives.” Safewheel recently started exploring medicines delivery and diagnostic test booking services on its platform. Within 2 weeks of pilot launching, Safewheel has already processed over 50 orders.

#### Notable Achievements and Solutions:

1. Safewheel was commemorated as the regional Shanghai champion at HULT Prize 2019 and was one of the top six finalists of the programme to present their idea in the UN headquarters.
2. Safewheel has over 150 villages serving over 1,000 patients at a very low cost, within five months of its operation.

## 4.2.4 | Financial Services

The financial sector of Bangladesh is majorly composed of banks along with non-bank financial institutions (NBFIs), insurance companies, capital market intermediaries, and microfinance institutions (MFIs). This sector has a large informal portion which includes unmonitored lenders such as associations, clubs, lending individuals, family, relatives, and friends.<sup>185</sup>

The Central Bank of the country, Bangladesh Bank (BB), controls the operations of the non-security financial instruments and markets (banks and NBFIs). On the other hand, the Bangladesh Securities and Exchange Commission (BSEC) regulates the capital markets while the insurance companies and MFIs are operated under the Insurance Development and Regulatory Authority (IDRA) and Microcredit Regulatory Authority (MRA), respectively.<sup>186</sup>

<sup>185</sup> Centre for Policy Dialogue (2019). "Financial Sector in Bangladesh Recent Trends and Benchmarking for the Government". Retrieved from: <https://cpd.org.bd/financial-sector-in-bangladesh/>

<sup>186</sup> Centre for Policy Dialogue (2019). "Financial Sector in Bangladesh Recent Trends and Benchmarking for the Government". Retrieved from: <https://cpd.org.bd/financial-sector-in-bangladesh/>

The initiation of FinTech in Bangladesh started through mobile financial services (MFS) followed by online banking (electronic funds transfer). Currently, the FinTech industry in Bangladesh processes more than \$4 billion in monthly transactions, and the advent of the COVID-19 pandemic has surged digital transactions by seven percent in the third quarter of FY 2019-20 from its previous quarter.<sup>187</sup>

In line with the National ICT Policy 2018, Bangladesh is moving towards digital financial services (DFS) through the Digital Transaction Platform (IDTP) that integrates Application Programming Interfaces (APIs) to FinTech.<sup>188</sup> Additionally, the banking sector is using financial technologies in components such as investment banking, branchless banking services, blockchain transactions and other diversified FinTech-based services.<sup>189</sup>

Unlike the developed countries, the long term and short-term financing needs of Bangladesh are majorly met by the banking industry. Albeit the increase in financial inclusion from 16 percent in 2011 to 37 percent by 2018, most financing needs remain unregulated in Bangladesh, and the sector is facing major challenges in terms of operational expansion and efficiency parameters.<sup>190</sup> Moreover, Bangladesh needs catching up with advanced financial technologies such as Artificial Intelligence and

distributed ledger technology that are used globally.

The young population can address this issue by utilising advanced technologies and collaborating with international FinTech companies to bring about high-end advances in the FinTech sector of the country. The government of Bangladesh has put great attention in providing skills development opportunities to young people, especially through the incorporation of Information Communication Technologies (ICT) at all levels of academic and technical education. This creates a sizable cohort of young ICT professionals who have the competencies to address the industry needs and engage in forming solutions related to FinTech.<sup>191</sup>

Advanced FinTech can disrupt the traditional financial sector to bring in facilitation of better transactions among the youth entrepreneurs living in remote areas. Furthermore, introduction of more youth-led FinTech startups such as LebuPay, and iFarmer will facilitate better financial transactions of small-scaled businesses, promoting financial inclusion.<sup>192</sup>

With increasing demand for digital transactions, Bangladesh has an unsaturated FinTech market with the demographic dividend of youths to leverage the business opportunities for cutting-edge financial services.<sup>193</sup>

<sup>187</sup> Bangladesh Bank. Retrieved from <https://www.bb.org.bd/en/index.php>

<sup>188</sup> LightCastle Partners (2020). "Deep Dive into FinTech Innovation in Bangladesh". Retrieved from: <https://www.lightcastlebd.com/insights/2020/08/fintech-innovation-in-bangladesh>

<sup>189</sup> LightCastle Partners (2020). "Deep Dive into FinTech Innovation in Bangladesh". Retrieved from: <https://www.lightcastlebd.com/insights/2020/08/fintech-innovation-in-bangladesh>

<sup>190</sup> Inner Circle (2021). "The Rising FinTech Star in South Asia". Retrieved from: <https://gomedici.com/bangladesh-the-rising-fintech-star-in-south-asia>

<sup>191</sup> World Bank Blogs (2019). "ICT skills training critical for Bangladeshi youth". Retrieved from: <https://blogs.worldbank.org/endpovertyinsouthasia/ict-skills-training-critical-bangladeshi-youth>

<sup>192</sup> Inner Circle (2021). "The Rising FinTech Star in South Asia". Retrieved from: <https://gomedici.com/bangladesh-the-rising-fintech-star-in-south-asia>

<sup>193</sup> LightCastle Partners (2020). "Deep Dive into FinTech Innovation in Bangladesh". Retrieved from: <https://www.lightcastlebd.com/insights/2020/08/fintech-innovation-in-bangladesh>

## Youth-led solutions: Case Study 4



**iFarmer:** Democratising agriculture financing and supply chain

iFarmer is a tech-based company that enables small scale farmers and agribusinesses to maximise their profits by providing access to finance, input supplies and markets. The youth-led company uses its tech-enabled supply chain network to aggregate fresh produce from farming communities and provides better market access by connecting them directly to the B2B consumers. Till now, they have raised \$700K+ in form of equity, safe and grants from angel investors, Asia Accelerator, Zayn Capital, UNCDF, Falcon Nominees and Startup Bangladesh Limited.

### Notable Achievements and Solutions:

1. Over 10,000 agri-farmers have received access to the easy-term farm and input financing worth over \$7 Million.
2. Every month, agri-farmers sell 700 tons of fresh produce and meat using iFarmer's supply channel

## 4.2.5 | Information Communications Technology (ICT)

Vision 2021 and the Seventh Five-Year Plan (2016-2021) along with the ICT policy 2018 have driven the government of Bangladesh to pursue a digital agenda in incorporating information communication technology as the new paradigm shift of development for the country. Therefore, the government promotes the information technology (IT)/IT enabled service (ITES) industry as the next growth engine for the country after the garment industry.<sup>194</sup> The ICT sector comprises more than one million professionals, making exports of ICT prod-

ucts worth \$1 billion around the globe. The ICT sector is identified as the reformation for industries, jobs creation and the overall governance and sustainability of the country. This sector is perceived as the backbone for Bangladesh's growth, competitiveness, and governance agenda as per World Bank's Country Assistance Strategy.<sup>195</sup>

Nevertheless, the sector has challenges related to high cost of ICT products as the country still relies on foreign-made software products due the existing local soft-

<sup>194</sup> LightCastle Partners (2019). "Skills Gap in the IT Sector: Utilising the Power of Youth". Retrieved from: <https://www.lightcastlebd.com/insights/2019/05/skills-gap-in-the-it-sector-utilizing-the-power-of-youth>

<sup>195</sup> Rimex International. "Softwares and ICTs Industry in Bangladesh. Retrieved from: [http://www.projectsprofile.com/posts/related\\_three.html](http://www.projectsprofile.com/posts/related_three.html)

ware industry being underdeveloped.<sup>196</sup> To address the opportunity and overcome the challenges in this sector, the government of Bangladesh is channelling large investments into the sector and incorporating large projects such as Startup Bangladesh Limited, iDEA, and a2i project to change the ICT ecosystem.<sup>197</sup>

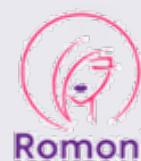
The sector opens new prospects for innovative business models, especially in the startup ecosystem and creates opportunities for youth-led businesses to generate investments from public and private investors. Recent studies show investors being attracted to ICT-backed enterprises such as mobile financial services (83 percent), Consumer to Consumer (C2C) commerce (50 percent) and health tech (67 percent).<sup>198</sup>

The collective efforts by the government and other ecosystem builders have enabled education and training facilities in ICT for the youths. The thrust of ICT enabled businesses in the country, have provided opportunities for the youth to leverage their businesses in this sector, and create employment for other young graduates. The incorporation of ICT tools in all levels of education and training due to the ICT Policy 2009 has enabled many youth-led, rural and peri-urban SMEs to initiate IT-enabled businesses in their own communities.<sup>199</sup>

Additionally, the continuous growth of this sector can open avenues for more ICT export services, especially in North America, which the youth entrepreneurs can tap into.<sup>200</sup>

## Youth-led solutions: Case Study 5

**Romoni:** The full-stack platform for enabling women-led micro-enterprise



Romoni is a one-stop platform founded by a young entrepreneur to provide female beauty professionals and micro-entrepreneurs with a complete customer-facing service marketplace that enables customers to search, compare, book and review beauty and wellness services available from its verified network of professionals and micro-entrepreneurs.

### Notable Traction:

1. Romoni is working with over 300 active female beauty service providers, of which 40 percent belong to the ethnic minority group.
2. Till now, more than 20,000 jobs have been served through the platform with a customer retention rate of over 51 percent

<sup>196</sup> Grades Fixer (2019). "Ict Industry of Bangladesh: Problems and Prospects". Retrieved from: <https://gradesfixer.com/free-essay-examples/ict-industry-of-bangladesh-problems-and-prospects/>

<sup>197</sup> LightCastle Partners (2019). "Skills Gap in the IT Sector: Utilising the Power of Youth". Retrieved from: <https://www.lightcastlebd.com/insights/2019/05/skills-gap-in-the-it-sector-utilizing-the-power-of-youth>

<sup>198</sup> LightCastle Partners (2021). ICT industry archives. Retrieved from: <https://www.lightcastlebd.com/insights/tag/ict-industry>

<sup>199</sup> World Bank Blogs (2019). "ICT skills training critical for Bangladeshi youth." Retrieved from: <https://blogs.worldbank.org/endpovertyinsouthasia/ict-skills-training-critical-bangladeshi-youth>

<sup>200</sup> International Trade Administration (2020). "Bangladesh Country Commercial Guide (ICT)". Retrieved from: <https://www.trade.gov/country-commercial-guides/bangladesh-market-overview?section-nav=9638>





**05**

**Recommendations**

This section provides a list of action-oriented recommendations developed based on the findings of this study and insights into the targeted outcomes of the recommended interventions. These recommendations are intended to help address various challenges of youth entrepreneurship ecosystem identified in the previous sections and tap into opportunities that the youth entrepreneurship presents for inclusive and sustainable development and growth in Bangladesh.

Broad Recommendation	Sub - Recommendation	Challenge	Specific Considerations and Interventions	Expected Results
<b>Recommendation 1</b> Strengthen entrepreneurship culture and access to entrepreneurial skills development opportunities by integrating entrepreneurial skills development agenda into national curricula and education systems at all levels across the country.	<b>1.1</b> Improve access to entrepreneurship related knowledge through primary and secondary education.	Limited knowledge of the entrepreneurial opportunities and the path to entrepreneurship results from the lack of entrepreneurship education in the national curricula.	Ensure that basic entrepreneurship education is equally available and accessible in primary and secondary level education.	Majority of the youth have the basic knowledge required for starting and operating a business and navigating through entrepreneurship.
	<b>1.2</b> Development of technical skillsets among youth.	Underprivileged youth are unable to access the job market due to skills gaps.	Invest in and develop technical and vocational education and training (TVET) via existing government organisations and private sector involvement and promote opportunities related to TVET and entrepreneurship among young people.	Technical skills required in different sectors are widely available for entrepreneurs to build skilled teams.
	<b>1.3</b> Academic institutes need to bridge the industry demand for next generation skillsets.	The academic institutions are lagging behind in supplying desired skillsets in demand for the current industries.	Public and private academic institutions must strengthen industry-academia linkages for skills-based learning outcomes and job placement programmes to mitigate high graduate unemployment rate and further meet skills demand.	The university graduates have the skills that are in-demand in the job market.





	<p><b>1.4</b> Ensure that entrepreneurship platforms and programmes are widely available and accessible for students across the country.</p>	<p>There is a shortage of student entrepreneurship platforms nationally.</p>	<p>Encourage and support academic institutions to increase engagement of private and public sector backed entrepreneurship development competitions, workshops and platforms for students.</p>	<p>Young (aspiring) entrepreneurs are able to effectively communicate and market their ideas and attract investments.</p>
	<p><b>1.5</b> Promote culture that is supportive of women's entrepreneurship.</p>	<p>There are various cultural barriers that constrain women's entrepreneurial opportunities.</p>	<p>Change the dialogue around women's involvement in the labour market and entrepreneurship. Motivate and encourage girls and young women to engage in entrepreneurial skills development programmes and technical education.</p>	<p>More young women are involved in entrepreneurial activities, and the cultural environment is supportive for them to develop and grow their businesses.</p>
	<p><b>1.6</b> Promote entrepreneurship as a viable option to tackle unemployment</p>	<p>The current culture is not sufficiently supportive of entrepreneurship as a career option.</p>	<p>Promote opportunities related to entrepreneurship and self-employment through awareness raising campaigns.</p>	<p>Bangladesh's overall culture supports entrepreneurial efforts and activities among young people and entrepreneurship is seen as a desirable career option.</p>



<p><b>Recommendation 2</b> Develop and scale access to capacity building opportunities and business development support services for young entrepreneurs</p>	<p><b>2.1</b> Expand capacity development platforms for youth entrepreneurs in rural and peri-urban areas.</p>	<p>There is a shortage of capacity building opportunities for entrepreneurs at various stages. Moreover, rural and peri-urban SME entrepreneurs do not get proper facilities to develop their businesses as most capacity development accelerators are based in urban areas.</p> <p>Inadequate access to education, information, and networking causes a hard and soft skills deficit among young entrepreneurs.</p>	<p>Advocate relevant public and private sector organisations to address geographical inequalities in access to support and capacity building opportunities provided by, i.e., incubators and accelerators. These capacity development opportunities should cover a wide range of topics, such as due diligence, communications and investment, for all forms of youth entrepreneurs across the country.</p>	<p>Capacity building sessions are widely available to entrepreneurs at various stages through improved participation of private and public sector organisations, especially in rural and peri-urban areas.</p>
<p><b>Recommendation 3</b> Ease the business establishment, operation, and expansion processes for youth-led enterprises</p>	<p><b>3.1</b> Develop a one-stop government portal for new entrepreneurs to access all services digitally.</p>	<p>There is a lack of central portal or platform by the government for entrepreneurship support. Bureaucratic process related to business establishment and development are complicated and lengthy for young entrepreneurs.</p>	<p>Develop an online one-stop portal for bureaucratic processes, paperwork, legal and regulatory compliance for young entrepreneurs.</p>	<p>Processes of establishing a business and maintaining legal and regulatory compliance are accessible and effective for youth-led businesses.</p>



<p><b>Recommendation 4</b> Increase advocacy, awareness, and provision of entrepreneur-specific finance for MSMEs, start-ups and social entrepreneurs</p>	<p><b>4.1</b> Promote start-up-centric investment opportunities.</p>	<p>The supply of startup specific capital for early-stage to growth-stage companies are inadequate in the country.</p>	<p>Bangladesh Bank, ICT Division and relevant government stakeholders should promote local and global startup investors with adequate tax breaks and incentives to improve access to risk capital for the youth entrepreneur.</p>	<p>New and alternative forms of financial instruments are available for startups such as convertible notes, impact investment, VC and PE funding.</p>
	<p><b>4.2</b> Promote SME-centric variations of financing opportunities.</p>	<p>Despite the abundance of MFIs in the country, there is a shortage of variations of financial instruments for SMEs.</p>	<p>Bangladesh Bank and Commerce Ministry can guide the local financial institutions to develop and provide access to financial instruments and services catered to youth-led enterprises with collateral free lower interest rate with easier payback terms. Making the Microcredit Regulatory Authority (MRA) as the leading government agency can make the Microfinance space mainstream.</p>	<p>There is better availability and variations of financial instruments and services catered to SMEs, such as blended financing, patient capital, etc., for the whole value chains and supply chains of the enterprises.</p>
	<p><b>4.3</b> Promote angel investments with the support of local conglomerates.</p>	<p>There is a shortage of corporate angel investment in Bangladesh that can accelerate youth entrepreneurship.</p>	<p>The private sector including local conglomerates should be incentivised to partner with youth-led enterprises through supply chain partnerships, technology and innovation, and buy-out acquisitions.</p>	<p>Entrepreneurs at early stages have access to funding/finance and growth opportunities. The funding supply matches demand, not only in size but also types of funding. Funding is available to various enterprise types (MSMEs, startups, social enterprises, etc.)</p>



	<p><b>4.4</b> Promote mandatory quota of financing for minority and female youth entrepreneurs.</p>	<p>The minority and female youth entrepreneurs face further hindrance in accessing finances.</p>	<p>Promote an adoption of mandatory quota for funding small scale businesses by the minority groups indigenous youth and woman entrepreneurs, especially in rural areas The focus should be on developing financing opportunities for entrepreneurs to enhance the development and creation of youth-led businesses.</p>	<p>Strengthened entrepreneurial funding opportunities for female and minority groups contribute to the improvement in their social and economic status.</p>
	<p><b>4.5</b> Promotion of existing financial instruments coupled with knowledge dissemination.</p>	<p>Lack of financial literacy and awareness and knowledge on accessible financial sources curb entrepreneurs' ability to recognise and effectively use diversified financial skills, tools and services, for investment strategies, budgeting, and business growth.</p>	<p>Implement awareness raising campaigns and capacity building sessions on the available financial instruments along with its appropriate usage and strengthen financial literacy among young people and ecosystem stakeholders.</p>	<p>There is a greater awareness of available financing instruments among youth entrepreneurs and ecosystem stakeholders. Financial literacy among young entrepreneurs is strengthened.</p>
<p><b>Recommendation 5</b> Develop a robust policy and regulatory framework for entrepreneurship that is responsive to youth-specific needs</p>	<p><b>5.1</b> Develop a coherent policy and regulatory framework on youth entrepreneurship.</p>	<p>Fragmented strategies and lack of coordination between ministries on youth and youth entrepreneurship-related policies and practices hinder business processes.</p>	<p>Develop a policy and regulatory framework on youth entrepreneurship and improve consistency and coordination within the respective policies and strategies between ministries.</p>	<p>Policy and regulatory framework recognises the needs of young entrepreneurs and is supportive of development of various types of youth-led businesses.</p>



	<p><b>5.2</b> Ensure that inclusion lens is incorporated in the youth entrepreneurship policies and strategies.</p>	<p>The lack of a broader inclusion lens for minority groups hinders tracking of the accurate social and economic development in the community along with SDG goals and the 2030 agenda.</p> <p>Current policies and regulations related to youth entrepreneurship do not adequately recognise and address the needs of minority groups and young women.</p>	<p>Ensure that the inclusion lens is incorporated in the youth entrepreneurship policies and strategies and the needs and rights of minority groups are taken into consideration.</p>	<p>Entrepreneurship provides greater opportunities for social and economic empowerment among minority youth.</p>
	<p><b>5.3</b> Adoption of formal definition of startups and social enterprises in policies and regulations</p>	<p>New forms of businesses are on the rise, such as startups and social enterprises, but there is a lack of formal acceptance and definitions for these enterprise types at the national level.</p>	<p>Address gaps in the recognition of the needs of new/unconventional business models, such as startups and social enterprises, within the youth entrepreneurship regulations and policies. Develop nationally recognised definitions of social enterprises and startups.</p>	<p>The policy and regulatory frameworks support the growth and development of new and unconventional business types.</p>

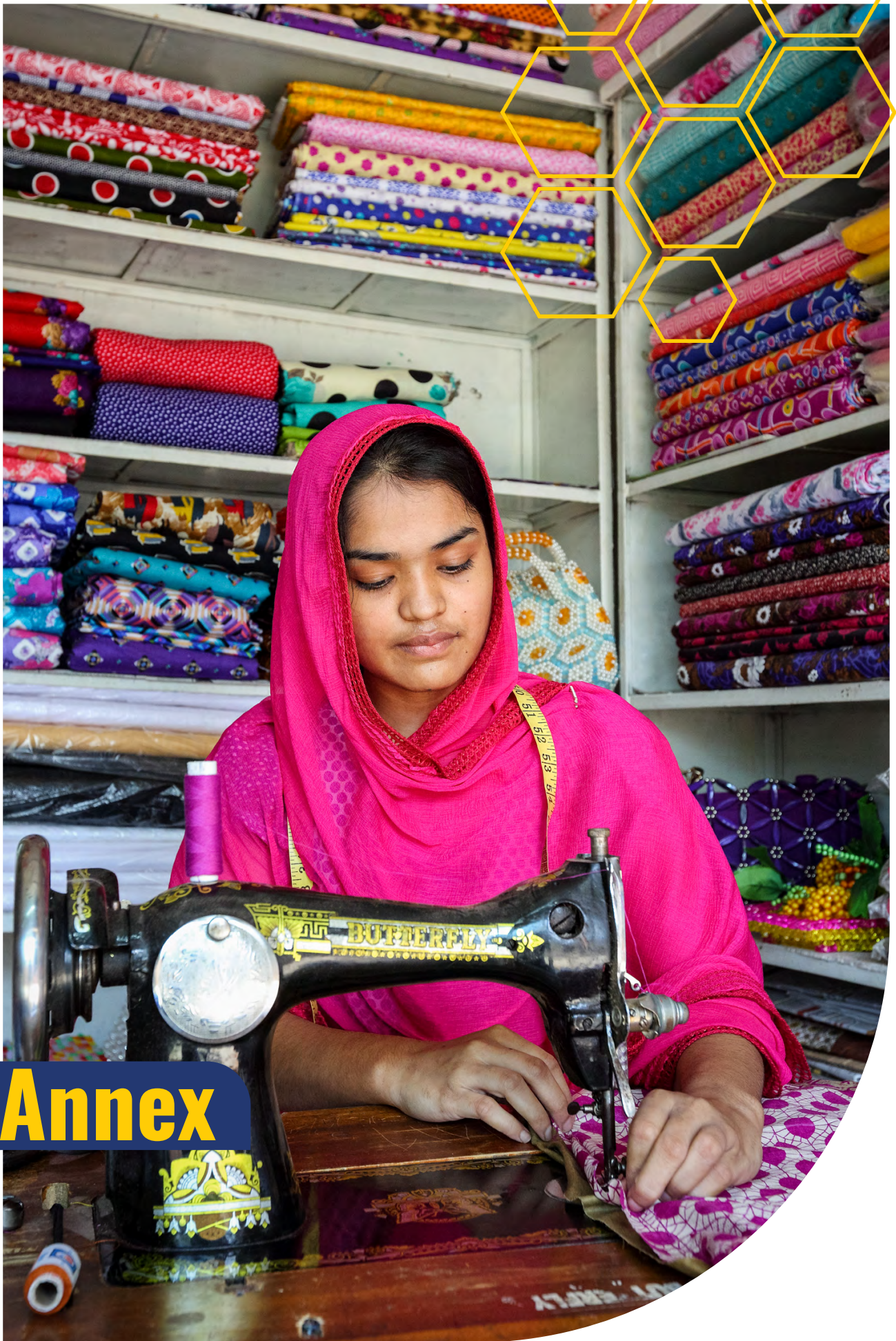


	<p><b>5.4</b> Increase awareness of and develop more robust regulatory frameworks for the protection of intellectual property.</p>	<p>Currently, there is no legislative framework for supporting innovations and technology transfers. The existing legislation is also ambiguous, which hinders the IP implementation.</p>	<p>It is recommended to enact new legislation along with the following:</p> <ul style="list-style-type: none"> <li>i) the Patents Act introducing petty patent,</li> <li>ii) compulsory licensing provision for pending patents and TRIPS transition benefits,</li> <li>iii) the Designs Act to comply with the TRIPS Agreement and an Innovation Act to establish Technology Transfer Offices.</li> </ul>	<p>IP and R&amp;D commercialisation will inspire more youth entrepreneurs to breed local innovations improving the local industries and economy.</p>
<p><b>Recommendation 6</b> Strengthen the capacity of the system to collect and use data that is relevant to enable a thriving youth entrepreneurship ecosystem</p>	<p><b>6.1</b> Improve national census on youth and entrepreneurship.</p>	<p>There is lack of comprehensive, segmented and nationally representative data on youth entrepreneurship.</p>	<p>Ensure that data on entrepreneurship includes age-disaggregated data and enables segmented analysis of youth entrepreneurship (based on geographic locations, sectors, enterprise types, including non-conventional enterprise types, gender). Ensure that an inclusion lens is adopted in the data collection and analysis to understand the needs of minority youth. The data should be made widely available and digitally accessible for national and international stakeholders.</p>	<p>Evidence base for the policy development is strengthened. Access to data and information among the ecosystem stakeholders improves the quality of services and support provided to young entrepreneurs.</p>





<p><b>Recommendation 7</b>          Develop targeted means to enhance youth-led businesses' access to market, especially in rural areas</p>	<p><b>7.1</b> Improve national market access opportunities for rural youth entrepreneurs.</p>	<p>The complexity of accessing national markets hinders rural-based early-stage youth entrepreneurs' revenue margin and success rates in the business.</p>	<p>Encourage government and other formal institutions to provide facilities and support to improve local and international market channels, develop incentives to engage in the national and global market and more competitive access to local market channels, supply-chains, and value chains for the rural entrepreneurs</p>	<p>Direct market channel accesses for rural entrepreneurs allows them to achieve higher profits and reach consumers directly, cutting down as many middle-man as possible.</p>
	<p><b>7.2</b> Address inefficiencies in agricultural supply and value chains for rural youth entrepreneurs.</p>	<p>Agriculture entrepreneurs are constrained by increased pressure on arable land, unfair prices, middlemen interventions, inadequate access to inputs and resources, and environmental challenges.</p>	<p>Promote government intervention to tackle constraints related to structural and functional inadequacies in responding to market requirements, mismatch in supply and demand of inputs and resources and insufficient market infrastructure.</p>	<p>Improved agricultural supply and value chains provide better entrepreneurial opportunities for youth in the sector and contribute to employment and poverty reduction in rural areas.</p>



**Annex**





## Annex 1: Limitations of the Data Collection and Analysis Process

There are several limitations related to the data collection and analysis of this study, mainly related to the representatives of the survey and interview samples. These limitations and the strategies to mitigate them are presented in the table below:

**Table:** Limitations of the Study

Broad Limitation	Specific Consideration	Mitigation Strategy
<p>The primary data collected does not form a statistically representative sample youth-led enterprises or ecosystem stakeholders</p>	<p>The survey sample does not reflect the true shares of different enterprise types in the Bangladesh’s entrepreneurship ecosystem, i.e., MS-MEs, startups, social enterprises due to a limited number of responses</p>	<p>The survey data are corroborated and compared with similar data from national and international organisations where applicable (i.e., via comparison to HIES 2016, BBS Survey 2019, Labor Force Survey, 2016-2017, World Bank Enterprise Survey 2013)</p>
	<p>Representation of enterprises and stakeholders based in rural areas is limited and not nationally representative, mainly due to the challenges in data collection caused by COVID-19 situation and restrictions.</p>	
	<p>A gender-based analysis is carried out via a mix of inferential analysis and corroboration with national census data. A key limitation of the survey is female representation among survey responses (female entrepreneurs comprise only 22 percent of responses).</p>	<p>Gender-based analyses are carried out via the surveys and corroborated/compared with relevant secondary data (i.e. via BBS, SIDA, UN Women Women and Men in Bangladesh, and IFC Study on Mapping the Market Potential and Accelerating Finance for Women Entrepreneurs in Bangladesh)</p>



<p>There is inconsistency in the secondary data, which brings forth difficulties in comparing year-on-year changes or changes across demographic and geographic segments.</p>	<p>Inconsistent census data, including variation in data collected and analysis in housing and labour censuses prepared by the BBS.</p>	<p>Where applicable, national census data is corroborated with international data, research and anecdotal evidence from key stakeholders</p>
	<p>Lack of data on youth and youth entrepreneurship, which uses standardised guidelines and variables.</p>	<p>The youth population engaged in entrepreneurship is triangulated using multiple secondary data sources and national census data (including the HIES 2016 and Labor Force Survey) along with the survey</p>
<p>There is a lack of youth entrepreneurship specific data and information on minority groups</p>	<p>Lack of updated information on youth and youth entrepreneurship among minority groups, limiting the scope of a thorough analysis of the specific barriers to entrepreneurship among these groups, or opportunities entrepreneurship provides to these youth groups and their communities in Bangladesh.</p>	<p>Where applicable, secondary research data has been included on women from poor households, religious minorities, and/or from indigenous groups</p>



## Annex 2: Hex Key Domain Framework

Domain	Domain Definition / Characteristics
<b>Policy and Regulatory Framework</b>	<p>This domain refers to four key characteristics within the policy and regulatory framework as it relates to youth entrepreneurship in Bangladesh. These four key characteristics encompass the state, the enablers and disablers of the Policy and Regulatory Framework. The components include:</p> <ul style="list-style-type: none"> <li>◆ The opportunities and barriers existing for youth entrepreneurs within the Policy directive</li> <li>◆ Bureaucratic efficiency and support catered specifically towards the establishment of youth entrepreneurs</li> <li>◆ Government institutional support such as training and relevant educational support required to aid the youth in starting their entrepreneurship journey</li> <li>◆ Legal and regulatory provisions, collectively provision of any legislation or regulation relevant to youth entrepreneurs</li> </ul>
<b>Human Capital and Entrepreneurship Culture</b>	<p>This domain refers to three key characteristics comprising the state of human capital and entrepreneurship culture. Specifically, this refers to:</p> <ul style="list-style-type: none"> <li>◆ Skills supply and demand equilibrium</li> <li>◆ Secondary/higher education and institutional support conducive to youth and entrepreneurship development</li> <li>◆ Societal norms' role in promoting entrepreneurship and entrepreneurial culture</li> </ul>
<b>Access to Finance and Incentives</b>	<p>This domain refers to four key characteristics including:</p> <ul style="list-style-type: none"> <li>◆ Access to entrepreneur-specific early stage or growth stage finances</li> <li>◆ Development of financial and capital markets</li> <li>◆ Depth and breadth of financial instruments with and without collaterals</li> <li>◆ Applicability and adoption of government financial incentives to entrepreneurship, financing schemes or other incentives</li> </ul>
<b>Business Development Support and Infrastructure</b>	<p>This domain refers to three key characteristics encompassing:</p> <ul style="list-style-type: none"> <li>◆ Relevance of public and private sector support and incentivized programmes, policies and plans to remedy the adverse influences of an inadequate institutional infrastructure</li> <li>◆ Relevance and effectiveness of auxiliary professional support (including accounting, legal, consulting, etc.)</li> <li>◆ State and effectiveness of the different types of infrastructure that support youth entrepreneurship</li> </ul>



<b>Innovation and Technology</b>	<p>This domain refers to four key characteristics gauging the perception and adoption of innovation and technology in Bangladesh. These key characteristics include:</p> <ul style="list-style-type: none"><li>◆ Relevance and ability of entrepreneurs to leverage local/ global online marketplaces for e-commerce, gig-economy or digital freelancing platforms</li><li>◆ Transfer of research and development to entrepreneurial activities</li><li>◆ Perception and attitude towards adoption of technology for business growth</li><li>◆ Protection of intellectual property rights.</li></ul>
<b>Access to Market</b>	<p>This domain refers to the four key characteristics of the access to market for youth entrepreneurs. These consist of:</p> <ul style="list-style-type: none"><li>◆ Capacity to design a unique, well-encompassed and sustainable market / business model for youth entrepreneurs</li><li>◆ Ease of access to national markets and entry regulations</li><li>◆ State of logistics, physical infrastructure and ecommerce platforms</li><li>◆ Quality of existing anchor industry players, value chains and distribution channels.</li></ul>



## Annex 3: In-Depth Interviews:

List of 26 Stakeholders including Entrepreneurs, Investors and Ecosystem Support Network

Name	Designation	Organisation	Type	Sub Type
Nirjhor Rahman	CEO	Bangladesh Angels	Investor Network	Angel Network
Rahat Ahmed	Founding Partner & CEO	Anchorless Bangladesh	Investor Network	VC
Syed Javed Noor	General Manager	IDLC	Investor Network	Corporate Finance
Maxime Cheng	Programme Manager	Biniyog Briddhi	Ecosystem Support	Donor-backed Impact Program
Nabila Nowrin	Founder	Moar	Ecosystem Support	Coworking Space
Muhammad Sohel Rana	Programme Lead	Grameenphone Accelerator	Ecosystem Support	Accelerators
Erad Kawsar	Country Director	YGAP	Ecosystem Support	Accelerators
Rafiq Islam	Founder & CEO	Safewheel	Entrepreneur	Early Stage Youth Entrepreneur
Armin Khan	Founder & CEO	Romoni	Entrepreneur	Women-led Enterprise
Robiul Islam	Project Specialist	Islamic Development Bank (IsDB)	Ecosystem Support	Development Partner
Sajid Amit	Associate Professor, University of Liberal Arts Bangladesh	CES, ULAB	Ecosystem Support	University
Minhaz Anwar	CEO	BetterStories	Ecosystem Support	Accelerators
Shazeeb Islam	Founder	YY Ventures	Ecosystem Support	Incubators
Dulal Krishna Saha	Executive Chairman	National Skill Development Authority	Ecosystem Support	Government Support



Masudur Rahman	Coordinator	C-BED	Ecosystem Support	SME Support
Ilmul Sajid	COO	Sheba	Entrepreneur	Growth Stage Youth Entrepreneur
Waiz Rahim	Founder & CEO	Deligram	Entrepreneur	Growth Stage Youth Entrepreneur
Md. Azharul Islam Khan	Director General	Department of Youth Development, Ministry of Youth and Sports	Ecosystem Support	Government Support
Ahmed Fahad	Senior VP of Product	Pathao	Entrepreneur	Growth Stage Youth Entrepreneur
Aminul Islam Khan	Director General	Technical and Madrasah Education Division	Ecosystem Support	Government Support
Ejaj Ahmed	Founder	BYLC	Ecosystem Support	Entrepreneurship Forum
Abul Kalam Azad	Former Principal Secretary and Principal Coordinator (SDG)	Prime Minister's Office	Ecosystem Support	Government Support
Sudipto Mukerjee	Resident Representative	UNDP Bangladesh	Ecosystem Support	Development Partner
Nadiya Binte Amin	President	WEND	Ecosystem Support	Development Partner
Farhana Islam	Head of Digital Innovations & Start-up Ecosystem	Grameenphone	Ecosystem Support	Media & Communication
Sajeeb Zaman	Assistant Vice President	Brac Bank	Ecosystem Support	Corporate Finance



## Annex 4: In-depth Interview Guidelines

Domain	Questions
<b>Policy And Regulatory Framework</b>	<ul style="list-style-type: none"> <li>◆ Are the youth entrepreneurs aware/familiar with the current policies catering to the startups/SMEs?</li> <li>◆ What are the key disablers/barriers of the current framework from the perspective of youth-led enterprises? What are the possible solutions to improve these disablers and make the policies more youth-friendly?</li> <li>◆ Which of the policies and good practices are fostering growth in youth led enterprises? To what extent are these policies youth-friendly?</li> </ul>
<b>Human Capital And Entrepreneurship Culture</b>	<ul style="list-style-type: none"> <li>◆ What tools are available for the development of youth-friendly entrepreneurship culture? Are these means altered for the different genders based on the social norms?</li> <li>◆ To what extent does the education system foster entrepreneurial knowledge and skills? What are the barriers/enablers for the young men and women in this transitional phase?</li> <li>◆ What are the means essential for the existing and potential young entrepreneurs in urban and rural areas?</li> <li>◆ To what degree do the available financial products and services cater the needs of the young entrepreneurs and are they accessible to the young entrepreneurs?</li> </ul>
<b>Access To Finance And Incentives</b>	<ul style="list-style-type: none"> <li>◆ Do the young entrepreneurs have proper knowledge of the available incentives and finance, and how do they learn about the different financing options?</li> <li>◆ What are the barriers for the young entrepreneurs in accessing the financial services and products and what challenges do the young female entrepreneurs face in accessing them?</li> <li>◆ What are the major enabling support measures/infrastructure available for urban/ rural youth entrepreneurs? What are the major hindrances?</li> </ul>
<b>Business Development Support And Infrastructure</b>	<ul style="list-style-type: none"> <li>◆ What kind of support is needed by young entrepreneurs? What kind of support should be available based on their needs? How are these support measures communicated to the youth entrepreneurs and how can these be communicated in a youth-friendly manner?</li> <li>◆ Do the young entrepreneurs face any specific challenges in acquiring support based on their gender or geographic differences?</li> </ul>



<b>Innovation And Technology</b>	<ul style="list-style-type: none"><li>◆ Are the available technologies sufficient to support youth-led enterprises? What are the key barriers to accessing sufficient technology?</li><li>◆ To what extent are youth-led enterprises adopting mobile-centric digital solutions? (e.g. E-Commerce, Facebook Commerce)</li><li>◆ What are the differential barriers in access to technology for young women entrepreneurs relative to the young men in the urban/rural area?</li></ul>
<b>Access To Market</b>	<ul style="list-style-type: none"><li>◆ To what extent do young entrepreneurs in rural/urban areas have access to regional/national/international markets?</li><li>◆ What are the factors that create a barrier among young men and women entrepreneurs in accessing the markets?</li><li>◆ How does the presence of international enterprises affect the sustainability of youth-led enterprises in urban/rural areas?</li></ul>

## Annex 5: Hex Confidence Index

Domain	Domain Definition	Sub-Domains	Questions
<b>Policy and Regulatory Framework</b>	This domain refers to four key characteristics within the policy and regulatory framework as it relates to youth entrepreneurship in Bangladesh. These four key characteristics are policy and regulatory support and relevance, bureaucratic efficiency and support, government institutional support, and the strength and relevance of legal and regulatory facilities - all in relation to youth entrepreneurship.	Support and Relevance	The policy and regulatory framework is supportive and relevant to youth entrepreneurship
		Bureaucracy	The existing bureaucratic system is efficient and supportive to youth entrepreneurship
		Government Institutions	Government institutional facilities provide relevant support to youth entrepreneurship
		Legal and Regulatory Facilities	The existing legal and judicial system is relevant and supportive to youth entrepreneurship
<b>Human Capital And Entrepreneurship Culture</b>	This domain refers to four key characteristics comprising the state of human capital and entrepreneurship culture. Specifically, this refers to the skills supply and demand match-up, various stages of education conducive to youth entrepreneurship, and societal norms' role in promoting entrepreneurship and entrepreneurial culture.	Skill Supply & Demand	The existing skills supply matches the demand for human capital
		Entrepreneurship Education at School Stage	Education at school stage is conducive to youth entrepreneurship
		Entrepreneurship Education at Post School Stage	Education at post-school stage is contributing for the development of youth entrepreneurship
		Societal Norms Promoting Entrepreneurship Culture	Societal norms promote entrepreneurship and entrepreneurial culture in comparison to finding job employment



<p><b>Access To Finance And Incentives</b></p>	<p>This domain refers to four key characteristics involving the availability and access to finance and incentives. This includes access to entrepreneur-specific finance, the state of financial and capital markets, the depth and breadth of financial instruments, and the relevance of government incentive to youth entrepreneurship.</p>	Entrepreneurial Finance	There is access to entrepreneur-specific finance
		Development of Financial and Capital Markets	The financial and capital markets are developed
		Government Incentives	There are relevant government incentives to meet the financial needs of the youth entrepreneurs
		Depth and Breadth of Financial Instruments	There is a significant depth and breadth of financial instruments for the youth entrepreneurs
<p><b>Business Development Support And Infrastructure</b></p>	<p>This domain refers to four key characteristics of business development support and infrastructure. This encompasses the relevance of non-government and government institutional support, auxiliary support, and the state and effectiveness of communication infrastructure.</p>	Non-Government Institutional Support	The existing non-government institutions are relevant and supportive to youth entrepreneurship (accelerators, incubators, development organisations, educational institutions, etc.)
		Auxiliary Professional Support	The existing auxiliary professional services are adequate and supportive to youth entrepreneurship (legal, accounting, consulting, technical expert, investment advisors)
		Communications Infrastructure	The price of utilities (internet/mobile phone/electricity/water/gas) is adequate to support local businesses
		Government Entrepreneurship Support	There is enough government-led opportunities supporting youth entrepreneurship





<b>Innovation And Technology</b>	This domain refers to four key characteristics gauging the perception and adoption of innovation and technology in Bangladesh. These key characteristics include the ability of entrepreneurs to leverage online marketplaces, transfer of research and development to entrepreneurial activities, technology adoption for business growth, and the protection of intellectual property rights.	Internet Market Dynamics	Entrepreneurs are able to effectively leverage internet/online marketplaces
		R&D Transfer	There is high interest on research and development activities by the youth entrepreneurs
		Technology Adoption	Business growth is increasingly being driven by technology adoption
		Intellectual Property Protection	The laws and legal authorities are effective in protecting Intellectual property rights
<b>Access To Market</b>	This domain refers to the four key characteristics of the access to market for the youth entrepreneurs. These consist of market entry regulations, facilities to ease access to international markets, the state of logistics and physical infrastructure, and the quality of existing value chains and distribution channels.	Internal Market Burdens or Entry Regulation	Internal market burdens and/or entry regulations are supportive to business establishment, operation, and expansion
		Ease of International Market Access	There are facilities to ease access to international markets
		Logistics and Physical Infrastructure	The existing logistics and physical infrastructure is efficient and effective for business use
		Strength of Value Chains	The existing distribution channels (roads/ transport/ labor etc) is effective and efficient for the distribution of products and services



## Annex 6: Survey Guideline and Questionnaire

Domain	Questionnaire Questions	Type of Question
<b>Policy And Regulatory Framework</b>	<p>Are you aware of any laws and policies to support youth entrepreneurship in the following categories/ways:</p> <ul style="list-style-type: none"> <li>- Subsidy/tax incentives</li> <li>- Access to finance/funding</li> <li>- International trade facilities</li> <li>- Market access support</li> <li>- Skills development support</li> <li>- Legal support</li> <li>- Support for young female entrepreneurs</li> <li>- Intellectual property protection</li> <li>- Others</li> </ul>	MCQ
	<p>If yes, have these laws and policies applied to your business/enterprise? Have they been helpful in establishing or growing your business/enterprise?</p>	Open-Ended
	<p>What government policy areas are helping with the growth of entrepreneurship? Please select up to three.</p> <ul style="list-style-type: none"> <li>- Fostering talents</li> <li>- Youth-oriented development</li> <li>- University-level research and development</li> <li>- Sufficient laws and regulations to support businesses</li> <li>- Facilitating cooperation between large and small firms</li> <li>- Helping businesses to expand in diverse channels</li> <li>- Helping businesses to operate/expand in the international market</li> <li>- Promoting cooperation with venture capital</li> <li>- Driving angel investment</li> <li>- Don't know</li> <li>- Others</li> </ul>	MCQ
	<p>What government policy areas need further bolstering to help the growth of entrepreneurship? Please select upto three:</p> <ol style="list-style-type: none"> <li>a. Improve business environment and institutional framework</li> <li>b. Increase scope of the entrepreneurs to receive institutional funding facility</li> <li>c. Support to increase competitiveness capability and access to the market</li> </ol>	MCQ



	<p>d. Support short-term, low cost business support services to the startups</p> <p>e. Develop and expand Entrepreneur Cluster-based Business Network</p> <p>f. Increase use of ICT and other technologies</p> <p>g. Expand skill developing education and training programs for entrepreneurs</p> <p>h. Expand women entrepreneurship development programs and providing specialised services</p> <p>i. Institutionalise local entrepreneurship statistics and conduct research and development activities.</p> <p>j. Don't Know</p> <p>k. Others</p>	
	<p>What government policy areas are helping with the growth of entrepreneurship? Please select upto three.</p> <ul style="list-style-type: none"> <li>- Fostering Talents</li> <li>- Sufficient laws and regulations to support businesses</li> <li>- Facilitating cooperation between large and small firms</li> <li>- Helping businesses to expand in diverse channels</li> <li>- Helping businesses to operate/expand in the international market</li> <li>- Promoting cooperation with venture capital</li> <li>- Driving angel investment</li> <li>- Don't Know</li> <li>- Others</li> </ul>	MCQ
<p><b>Human Capital And Entrepreneurship Culture</b></p>	<p>When hiring what factors do you look for in your candidates</p> <ul style="list-style-type: none"> <li>- Have insights into future opportunities</li> <li>- Ability to grasp market demand</li> <li>- Uniqueness in the innovative ideas</li> <li>- Ability to turn ideas into actions</li> <li>- Can commercialize concepts</li> <li>- Capability to implement ideas</li> <li>- Manage business operations</li> <li>- Understand technology</li> <li>- Be able to grasp the idea/technicalities of the relevant field</li> <li>- Have the ability to aquire international clients</li> <li>- Knowledgeable on the functions of the market channels</li> <li>- Don't know</li> <li>- Others</li> </ul>	MCQ



	Does your company place an emphasis on gender and youth inclusive hiring? If so, how?	Open-Ended
	Do you agree to the statement: "The existing public education system is supportive of the development of entrepreneurial skills / development of enterprises" a. Strongly Agree b. Agree c. Neutral d. Disagree e. Strongly Disagree	Likert Scale
	Do you agree to the statement: "The existing private education system is supportive of the development of entrepreneurial skills / development of enterprises" a. Strongly Agree b. Agree c. Neutral d. Disagree e. Strongly Disagree	Likert Scale
	In your experience, which of the following factors have made the transition from education to employment difficult? - Familial expectations (marriage, specific career paths, higher education, etc.) - Lack of past experience - Logistic issues (travel-related, inability to work remotely, residency, etc.) - Skills/job expectation mismatch - Inhibiting social norms - Gender-based expectations - Socioeconomic background (inhibiting stereotypes, rural/low-income background, education level, etc.) - Others	MCQ
<b>Access To Finance And Incentives</b>	Are you aware of the financial instruments available in the country? If so, which ones? - Equity financing (venture capital, angel investments, IPO, convertible notes, ) - Debt financing (loans, bonds, etc.) - Alternative financial instruments (impact investment, result-based finance, blended finance, catalytic funding) - I am not aware of any of the financial instruments above - Others	MCQ



	<p>Which of the below financial instruments have you used for your business, if any?</p> <ul style="list-style-type: none"> <li>- Equity financing (venture capital, angel investments, IPO, convertible notes, )</li> <li>- Debt financing (loans, bonds, etc.)</li> <li>- Alternative financial instruments (impact investment, result-based finance, blended finance, catalytic funding)</li> <li>- I have not used any of the above financial instruments</li> <li>- Others</li> </ul>	MCQ
	<p>Do you agree to the statement: "financial services and instruments to establish or develop a business are available to young entrepreneurs"?</p>	Likert Scale
	<p>Do you agree to the statement: "financial services and instruments to establish or develop a business are available to women entrepreneurs"?</p>	Likert Scale
	<p>Do you agree to the statement: "financial services and instruments to establish or develop a business are available to rural entrepreneurs"?</p>	Likert Scale
	<p>What are the difficulties that you faced while trying to access finances?</p> <ul style="list-style-type: none"> <li>- Law, order and security</li> <li>- Corruption</li> <li>- Informal and formal Competition</li> <li>- Taxes</li> <li>- Discrepancies in governance</li> <li>- Limited availability of formal financing options for SMEs/Startups/Social enterprises</li> <li>- Others</li> </ul>	MCQ
	<p>What policy or ecosystem changes can help increase access to finance and financial incentives for youth entrepreneurs?</p>	Open-Ended
<b>Business Development Support And Infrastructure</b>	<p>Are you aware of any support services available for youth entrepreneurs?</p> <ul style="list-style-type: none"> <li>- Yes</li> <li>- No</li> </ul> <p>If yes, please name up to top three support services you have received :_____</p>	
	<p>In your opinion, what kind of support is needed by entrepreneurs at local level to develop their business/ infrastructure?</p>	Open-Ended



	<p>Have you joined any accelerator/incubator?</p> <ul style="list-style-type: none"> <li>- Yes</li> <li>- No</li> <li>- I am not aware of such programs</li> </ul>	MCQ
	<p>Your top reasons to join an accelerator/incubator?</p> <ul style="list-style-type: none"> <li>a. Access to mentors</li> <li>b. Networking with investors or potential clients</li> <li>c. Creating synergy with other startups</li> <li>d. Office setup and other services</li> <li>e. Business curriculum</li> <li>f. Technology support</li> <li>g. Marketing support</li> <li>h. Media support</li> <li>i. Applying to competitions</li> <li>j. Attending startup related events</li> <li>k. Don't understand the terms 'accelerator/incubator'</li> <li>l. Others:___</li> </ul>	MCQ
	<p>What are the major challenges you face while trying to acquire any business development support services/products?</p>	Open-Ended
	<p>Do you agree to the Statement: "Incubators/ accelerators are providing targeted support for youth led enterprises in Bangladesh"</p> <ul style="list-style-type: none"> <li>a. Strongly Agree</li> <li>b. Agree</li> <li>c. Neutral</li> <li>d. Disagree</li> <li>e. Strongly Disagree</li> </ul>	Likert Scale
	<p>Do you agree to the Statement: "Universities are providing effective support to entrepreneurship in Bangladesh"</p> <ul style="list-style-type: none"> <li>a. Strongly Agree</li> <li>b. Agree</li> <li>c. Neutral</li> <li>d. Disagree</li> <li>e. Strongly Disagree</li> </ul>	Likert Scale
	<p>Do you agree to the statement, "The available support services meet the needs of young entrepreneurs"?</p> <ul style="list-style-type: none"> <li>a. Strongly Agree</li> <li>b. Agree</li> <li>c. Neutral</li> <li>d. Disagree</li> <li>e. Strongly Disagree</li> </ul>	Likert Scale





<b>Innovation And Technology</b>	Do you use internet to run your business? a. Yes b. No	MCQ
	If yes, what kind of digital services do you use? Select all that applies. a. Mail b. Ad/sell Post c. Facebook Page d. Customer query e. Others	MCQ
	Are you leveraging technology to achieve any of the following: - Integrate digital payment options - Develop and improve products - Provide services through various technologies - Conducting business online (E-commerce, F-commerce) - Use data to improve business processes - Data-driven business strategy - I do not use technology in my business - Others	MCQ
	Do you agree to the statement: "there is equal access to technology (internet, DFS, mobile phone access, etc.) in rural areas"? a. Strongly Agree b. Agree c. Neutral d. Disagree e. Strongly Disagree	Likert Scale
	Do you agree to the statement: "women have equal access to technology (internet, DFS, mobile phone access, etc.) compared to men"? a. Strongly Agree b. Agree c. Neutral d. Disagree e. Strongly Disagree	Likert Scale
	What barriers exist for greater adoption of technology among business and consumers?	Open-Ended
<b>Access To Market</b>	What are the top challenges in expanding to the local markets of Bangladesh? - Competitors - Infrastructure	MCQ



	<ul style="list-style-type: none"> <li>- Differences in divisional cultures</li> <li>- Fundraising</li> <li>- Government support</li> <li>- Hiring and Retaining Talents</li> <li>- Underdeveloped Capital Market</li> <li>- None</li> <li>- Don't Know</li> <li>- Others</li> </ul>	
	<p>What do you think are the major issues faced by entrepreneurs when going international?</p> <ul style="list-style-type: none"> <li>- Deficiency in Local resources</li> <li>- Deficiency in internal Resources</li> <li>- Language/cultural gap</li> <li>- Unfavourable policies</li> <li>- Issues related to infrastructure</li> <li>- Lack of government support</li> <li>- Lack of knowledge of different options/ opportunities</li> <li>- Others</li> </ul>	MCQ
	<p>Is access to international markets or internationalisation among the main goals for your company in the next 5 years?</p> <ul style="list-style-type: none"> <li>- Yes</li> <li>- No</li> <li>- Don't Know</li> </ul>	MCQ
	<p>Do you agree to the statement: "Male and female entrepreneurs have equal access to markets in Bangladesh"?</p> <ul style="list-style-type: none"> <li>a. Strongly Agree</li> <li>b. Agree</li> <li>c. Neutral</li> <li>d. Disagree</li> <li>e. Strongly Disagree</li> </ul>	Likert Scale
	<p>If no, what differences exist, and what areas need improvement to minimize those differences?</p>	Open-Ended
	<p>Is there sufficient support to improve local enterprise competitiveness in the international market? If no, then what support is lacking or can be improved upon?</p>	Open-Ended



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